

**FBI**

# DAILY REPORT

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UN SEMINAR ADOPTS STUDY ON CHINA'S DEVELOPMENT

OW052154 Beijing XINHUA in English 1535 GMT 5 Jun 86

[Text] Shenzhen, June 5 (XINHUA) -- China's development in recent years has provided experience for other developing countries in seeking common prosperity, says a 23-page study adopted at a seminar on developing countries which ended here today. The study, which appraises the effects of China's economic reforms and the policy of opening to the rest of the world, says China has successfully used foreign investment to stimulate its own economic development. It describes the family planning policy as one of the major contributing factors for the rapid improvement of the Chinese people's living standards in recent years.

The study notes China's impressive attempt to bring the development of both urban and rural areas into harmony. It draws particular attention to the fact that the Shenzhen Special Economic Zone, different from the pure "export processing zones" in many other developing countries, is a comprehensive special economic zone with industry as the main sector and has extensive ties with other parts of the country. This shows that Chinese decision makers have paid full attention to the weakness of pure export processing zones, it says.

It concludes that further improvement in the international economic environment is needed if China is to quadruple its 1980 national income by the end of this century. China must continue to carry out economic reforms and avoid overheated growth that may put economic and social development out of balance.

Officials from ten Asian developing countries participated in the seminar sponsored by China and the United Nations Economic and Social Commission for Asia and the Pacific. The seminar opened in Beijing on May 25 and participants visited Changzhou, Wuxi and Suzhou and Jiangsu Province, which are noted for the fast development of rural industry, before coming to Shenzhen.

OUTER SPACE REMOTE SENSING DRAFT SUPPORTED AT UN

OW050148 Beijing XINHUA in English 0130 GMT 5 Jun 86

[Text] United Nations, June 4 (XINHUA) -- The 29th session of the United Nations Committee on the Peaceful Uses of Outer Space got support for its draft principles on remote sensing from the Chinese delegate today. Wang Houli, head of the Chinese delegation to the session, said in his remarks at the general debate that although the draft principles submitted by the legal sub-committee were not fully satisfactory to all, they represented a compromise that had taken due account of the interests of various parties and states. "It has established the general legal principles on the remote sensing activities in outer space, thus contributing to the promotion of the development of remote sensing activities in outer space," he said. "Once adopted, it (the draft) will be an important achievement of the outer space committee for many years," he said.

The Chinese representative told the session that China's CZ series of launch vehicles have already become "operational" and that China has successfully launched two telecommunication satellites with CZ rockets. China has signed two memorandums with Swedish and American companies to launch one telecommunications satellite for Sweden and two others for the United States.

"China is willing to make a contribution within its possible means to the promotion of international cooperation and exploitation and utilization of outer space," Wang stressed.



Wang said that China, as a developing country with certain space capability, has paid much attention to the applications of space technology, particularly in the field of satellite TV education. "We welcome the cooperation of the United Nations to offer a project of using TV satellites to promote Chinese universal education," he told delegates to the session. The session is scheduled to conclude on June 13.

#### WORLD FOOD PROGRAM TO AID DEVELOPMENT PROJECTS

OW051140 Beijing XINHUA in English 1014 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- The World Food Program (WFP) will contribute 20,905,000 U.S. dollars to two development projects in China, according to WFP's office here today. The first project is to establish forests in Pingshan County, Hebei Province, over a five-year period. The WFP will contribute 12,150,000 U.S. dollars for food and external transportation costs, while the Chinese Government will supply 4,235,000 U.S. dollars. The project will plant 24,000 hectares of trees, shrubs and grasses in the northern, southern and central parts of Pingshan County to protect the county's environment and develop its timber, food and animal husbandry industries.

The second project aims at transforming the low-lying marginal lands around Poyang Lake in Jiangxi Province into highly productive fish farms in three years. The WFP will contribute 8,755,000 U.S. dollars for food aid and external transport to the aquaculture project, while the government of China will contribute 8,080,000 U.S. dollars. With these two projects, the level of WFP assistance provided to China amounts to a total of 399.4 million U.S. dollars, for 35 development projects and two emergency operations.

#### NEW ZEALAND LEADER IN FRG REJECTS NUCLEAR ARMS

OW030606 Beijing XINHUA in English 0536 GMT 3 Jun 86

[Text] Bonn, June 2 (XINHUA) -- Visiting New Zealand Prime Minister David Lange today underlined his country's determination to reject involvement in any defence strategy involving nuclear arms. After talks with Federal Chancellor Helmut Kohl and Foreign Minister Hans-Dietrich Genscher earlier today, Lange told reporters that New Zealand hopes to work out a new method of banning nuclear tests with the support of other oceanian nations. "I am sick of repeating statements against nuclear tests", he added. The prime minister showed his understanding of the worries of his hosts about a Federal German nuclear-free zone, saying that it is "only a six-hour tank drive from the federal chancellor's office to the border."

Turning to U.S.-New Zealand relations, Lange stressed that his government's opposition to nuclear weapons has not diminished the extraordinary amount of goodwill between his country and the United States. However, since New Zealand refused to allow visits by U.S. ships carrying nuclear arms there has been reduction of defense and intelligence ties between the two countries, Lange said. "New Zealand wishes to continue the conventional ANZUS defense alliance with Australia and the United States" because "this was never a nuclear alliance", he added.

During his talks with Lange, Chancellor Kohl expressed satisfaction with the good relations between the two countries and promised to help bring back New Zealand to the farm market of the European Community. Lange arrived in Bonn today for a one-day visit. Before his departure for Stockholm, he also met President Richard Weizacker and Minister President of North Rhine-Westphalia Johannes Rau.

ZHAO ZIYANG MEETS U.S. ECONOMIC DELEGATION

OW051456 Beijing XINHUA in English 1447 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Chinese Premier Zhao Ziyang today urged foreign businessmen to invest and do business in China without worries. This is because that the political situation in China is stable and the Chinese leaders mean what they say, Zhao told a U.S. economic and legal delegation headed by Robert Strauss, former U.S. special trade representative and former chairman of the Democratic Party.

He stressed that China takes an active attitude towards the development of Sino-U.S. economic cooperation. Some foreign investors may feel inconvenient because of the imperfect aspects of China's legal system and low efficiency of some departments. But, he said, the situation is improving and problems will be surely resolved sooner or later. China honors contracts, China's long-term policy of opening to the outside world necessitates that foreign investors' interests and rights must be protected, he said.

Strauss said he believed the political stability in China will continue for a long time to come.

Zhao expressed the hope that both sides would approach the bilateral economic cooperation from a long-term point of view. The growth of relations between the world's largest developed country and the largest developing country will have an impact on the course of world situation. The two countries can only be partners rather than competitors in developing their economic and technological cooperation.

Both China and the United States recognize the broad prospects for such cooperation and each desires the other to improve certain aspects, he went on. The possibility of extensive cooperation will be translated into reality provided the two sides explore ways to overcome the obstacles and difficulties involved.

Strauss and his 70-member group will leave here for Shanghai tomorrow to continue their discussions with their Chinese counterparts after they attended a 4-day seminar in Beijing which closed today.

WEINBERGER SAYS USSR PROPOSAL 'TERRIBLY WRONG'

OW051831 Beijing XINHUA in English 1818 GMT 5 Jun 86

[Text] Washington, June 5 (XINHUA) -- U.S. Defense Secretary Caspar Weinberger last night dismissed a new Soviet proposal on reducing nuclear weapons as "terribly wrong" and against national interests of the United States. Last Thursday in Geneva, the Soviet Union proposed to reduce strategic nuclear forces if the United States agrees to abide by the 1972 Anti-Ballistic Missile (ABM) Treaty for the next 15 to 20 years and to hold talks on strengthening it.

Offering the first official comment on the proposal, Weinberger said in an interview on th CBS-TV "Nightwatch" program that the Soviet Union wants to open a "side door" to killing President Ronald Reagan's Strategic Defense Initiative (SDI), popularly known as "star wars."

The Soviet Union has maintained that the SDI program violates the ABM Treaty, which prohibits development, testing and deployment of any space-based defense systems. But the United States argues that SDI is compatible with the treaty and made it clear it will continue its research.

In the CBS interview, Weinberger said that if the United States agreed not to abrogate the ABM Treaty for 15 to 20 years, Congress would refuse even to fund SDI research. In that case, he said, the SDI program would lose "a great deal of momentum" and "the possibility of ever deploying a strategic defense."

On Sunday Weinberger declared he would "certainly oppose anything that blocked or in any way prevented our developing a strategic defense." The ABM Treaty, signed by former U.S. President Richard Nixon and the late Soviet leader Leonid Brezhnev in 1972, has no time limitation. But it calls for a review of its terms every five years. The next review is scheduled for 1987. The treaty has a clause that permits either nation to nullify it by giving six months notice.

#### U.S. SECRETARY OF STATE EXPLAINS SALT DECISION

OW051038 Beijing XINHUA in English 0716 GMT 5 Jun 86

[Text] Washington, June 4 (XINHUA) -- U.S. Secretary of State George Shultz today said that the United States would exceed the numerical limits of the SALT II Treaty only "a little bit" toward the end of the year, but still wants an agreement with Moscow to sharply reduce their nuclear arsenals. Speaking to the members of the Atlantic Institute and Atlantic Council for International Affairs at the State Department, Shultz said the SALT II Treaty is "increasingly obsolete" because it was a treaty about "increases," rather than decreases, of nuclear weapons, thus "encouraging the wrong pattern" in arms control process.

President Ronald Reagan announced a week ago that because of repeated violation by the Soviet Union of the unratified SALT II Treaty, the United States would no longer be bound by the treaty by the end of the year unless the Soviet Union stops violating it. What the United States wants is "mutual restraint" between the two superpowers which would get the numbers of each nation's nuclear systems down, but "not limit their increase," he said. "The key here is to negotiate out the radical reductions in strategic nuclear systems that the President has been calling for and that he and General Secretary Gorbachev agreed should be done in Geneva," he stressed.

Meanwhile, Kenneth Adelman, director of the U.S. Arms Control and Disarmament Agency, told reporters that Reagan's decision on SALT II is to send the Soviet Union a message that "cheating is not going to be tolerated." Adelman, in a news briefing here today, suggested that there is still room to change the current situation if the Soviet Union takes "constructive steps" on arms control during the next few months.

The United States wants the Soviet Union to do "three things": join the mutual restraint, start complying with all previous arms control agreements and get serious in the ongoing Geneva negotiations, he declared. He stated that even without SALT II, the United States will not exceed the number of strategic warheads and strategic missile launchers that the Soviet Union has. "That is to say that we would not go over their numbers, and we would reduce if they reduce," he said. This, he stressed, is a "critical" point in Reagan's statement, which "not many people have picked up."

Asked if the Reagan administration is going to change its stand on the Anti-Ballistic Missile Treaty (ABM), he replied, "The United States will continue to comply with the ABM Treaty" but he quickly added, "SDI (Strategic Defense Initiative) research is within full compliance of the treaty."



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B 3

PRC INTERNATIONAL AFFAIRS  
UNITED STATES

REAGAN SALT DECISION UNDER FIRE ON CAPITOL HILL

OW050936 Beijing XINHUA in English 0727 GMT 5 Jun 86

[Text] Washington, June 4 (XINHUA) -- President Ronald Reagan's decision to abandon the Strategic Arms Limitation Treaty (SALT II) later this year has been under increasingly strong fire in Capitol Hill. Urging the President to continue compliance with the SALT II accord, many congressmen warned that the abandonment of the treaty would poison the arms control environment, heat up the arms race and give the Soviets opportunities to substantially increase their nuclear arsenal.

The House Democratic leaders, in a move to press Reagan to stick to the SALT II, are trying to attach amendments to the Defense Department authorization bill to prohibit the use of funds for nuclear weapons. Representative Norman Dicks introduced a legislation yesterday to hold funding for weapons development and maintenance within the SALT II limits. Senator Dale Bumpers predicted that the Senate would make "a major effort" to force the Reagan administration to change its plan before the end of the year.

The administration officials, however, tried hard to brush aside criticism of U.S. abandonment of SALT II, stressing that the President may decide to dismantle other Poseidon submarines after cruise missiles are deployed on B-52 so that the United States could remain within the limits of the SALT II.

White House spokesman Edward Djerejian said yesterday that there remained "a possibility" that the United States could adhere to the SALT II ceiling of 1,200 strategic missile launchers.

Edward Rowny, Reagan's chief arms control adviser, today told the house armed services committee that "the President has said that unless the strategic situation should drastically change, we will not build more strategic delivery vehicles than the Soviets, nor we have more warheads than the Soviets."

AMBASSADOR LORD'S SPEECH ON SINO-U.S. RELATIONS

HK060355 Beijing RENMIN RIBAO in Chinese 5 Jun 86 p 6

[Report: "U.S. Ambassador to China Lord Speaks on Sino-U.S. Relations"]

[Text] On 28 May, Winston Lord, U.S. ambassador to China, gave a long speech on Sino-U.S. relations in Washington to the National Committee for Sino-U.S. Trade. He emphasized that Sino-U.S. relations are of great importance for the two countries and for the whole world's hopes for peace and prosperity.

In his speech about bilateral relations between the United States and China, Lord first talked about China's present situation. He said: Since China shook off the destructive effects of the "Cultural Revolution," the whole nation has concentrated on the cause of realizing modernization. The Chinese have opened their country to the world, and have launched a huge wave of reform. He pointed out that the new policy China is pursuing is one of the boldest domestic initiatives in modern history and it is not at all surprising if some serious problems appear. The Chinese people are trying to consolidate their reforms. He said: The United States has also made marked progress in meeting the need of China's modernization, and the volume of bilateral trade has exceeded \$8 billion.



American enterprises have made some \$1.4 billion of investments in China. The two countries have signed 27 agreements on bilateral technological exchanges. Lord said: In the present international environment, China has many potential foreign partners. If China can maintain her political stability, she will certainly become more powerful, no matter whether she can get assistance from the United States or not. So helping China advance her modernization and helping China establish relations with the world are in the United States' own interests.

Ambassador Lord then talked about the development of Sino-U.S. economic relations, and said that this manifold process is encouraging and exciting, because it has gone far beyond people's expectations of a few years ago. However, painstaking efforts are still needed in the future, and some knotty problems have yet to be solved and prevented from affecting overall relations between the two countries. He pointed out that when trying to settle these problems, the American side must oppose protectionism. He said: Entering foreign markets and obtaining foreign technology are of great importance for China's development and reform. The U.S. Government, congressional leaders, and American enterprises must guide public opinion to realize that if China could not sell her goods to the United States, she would not be able to buy goods from the United States. He also said: The United States should pay constant attention to the implementation of technological transfers so as to ensure the fulfillment of all her promises. This will promote overall relations between the two countries, and will also promote the exports of the United States. At the same time, American enterprises should make careful preparations when they try to do business with China. Lord said: The Chinese side will have to do a lot of things. The Chinese are always trying to attract more foreign enterprises, but they still lack experience and do not understand the needs of foreigners and the differences between foreign regulations and their own. He said: China should give priority to a number of questions when she is trying to improve the commercial environment. For example, she should restrain some Chinese officials from attempting to charge high compensation from foreigners for their housing and the services they need in China, and should formulate clearer economic laws and regulations to stipulate such things. China should also diversify her exports to the United States. At present, China's exports are limited to a small number of goods, and some, such as textile goods, are faced with the pressure of protectionism.

When talking about the international effects of Sino-U.S. relations, Lord said that in developing her relations with China, the United States is seeking the benefits brought about by this relationship and is not trying to play any triangle games. Many favorable factors exist between the United States and China and they will enable the two countries to remain friendly, although they will not enter into an alliance. The two countries have identical viewpoints on many concrete issues. Of course, both sides need to make further efforts to add substantial content to our dialogue on international issues so as to eliminate misunderstanding, reduce tension, and expand cooperation.

#### RENMIN RIBAO VIEWS U.S. 'TRADE PROTECTIONISM'

HK041108 Beijing RENMIN RIBAO in Chinese 4 Jun 86 p 3

["Newsletter From America" by reporter Jing Xianfa "'Hasty Moves' Under Pressure of Trade Protectionism"]

[Text] The U.S. Government recently took two moves concerning foreign trade: One is the breakup of the usual practice of "free trade" by imposing a 35 percent tariff rate on the import of red pine timber from Canada, its largest trade partner; the other was the sending of a trade representative to Japan, requiring Japan to supervise prices of Japanese chips dumped into the U.S. market, as well as to double U.S. sales volume in the Japanese market within the next 5 years.

THE WASHINGTON POST comments that these hasty moves were taken under pressure of the trade protectionism of the U.S. Congress.

Toward the end of May, the U.S. House of Representatives adopted a proposal on new trade protectionism by 195 votes to 115 requiring the U.S. Government to investigate and adopt corresponding retaliatory measures against U.S. trade partners violating U.S. trade regulations within a stipulated deadline, and to conduct talks with U.S. major trade partners, requiring such countries and regions as Japan and the FRG to reduce U.S. deficits by at least 10 percent annually; otherwise, the United States will implement a quota system to restrict the import of their products or set up a tariff wall. This House proposal won almost full support of the Democrats; nearly one-third of the Republicans cast their votes in support. This phenomenon demonstrates the swollen sentiments on trade protectionism in the U.S. Congress and business circles.

U.S. trade deficits have in recent years become the talk of the town. The U.S. trade deficit hit a record high of \$148.5 billion in 1985, and the trade deficit in the 1st quarter of 1986 was already \$15.3 billion, up by 38 percent from the same period in 1985. President Reagan has all along advocated a solution by dollar devaluation and stimulating the domestic economy, while opposing the trade protectionism proposed by the Democrats in Congress, which is now adopted. One of the causes is the worry that Congress' trade protectionist measures will intensify the "trade war" between the United States and Western Europe, resulting in a greater blow to U.S. export trade. Concerning the trade protectionism proposal adopted by the House of Representatives, President Reagan recently remarked that it will "end in common ruin" with U.S. trade partners and, if implemented, 5.5 million U.S. employers relying on the export trade would be threatened. Because the effects of the dollar devaluation will make themselves felt late in the second half of this year, the White House has to appease the protectionism sentiments of the business circles as well as Congress. Since the beginning of this year, the Reagan administration has adopted punitive trade measures concerning some products and trades of individual countries and regions such as Brazil and South Korea; at the same time, pressure has been placed on the EC for restricting U.S. export of farm and sideline produce to Spain and Portugal. The recent measures concerning Canada and Japan are expedient in dealing with congressional trade protectionism sentiments.

As the congressional mid-term election is drawing near, each of the parties in Congress has its own marked political aim on the issue of trade protectionism. The Democrats believe that at a time when the trade deficit remains high and U.S. industry is facing grave competition from foreign enterprises, the banner of trade protectionism may win more seats for themselves in the election, while the Republicans believe that if President Reagan vetoes the Democrats' proposal on trade protectionism, he might lose the favor of the people even if he succeeds, and that in the end, the Republican Party might land in a passive position, which would weaken the Republicans' majority in the Senate. For this, the Republican Party is ready to make a "mild" trade protectionism proposal and press for President Reagan's approval, so that the Republican Party will avoid some risk in the mid-term election.

I. 6 Jun 86

PRC INTERNATIONAL AFFAIRS  
SOVIET UNION

C 1

PRC, USSR AGREE TO CONSULATES ON EACH OTHER'S TERRAIN

HK060539 Hong Kong AFP in English 0523 GMT 6 Jun 86

[Text] Beijing, June 6 (AFP) -- China and the Soviet Union have formally agreed to maintain consulates in each other's country for the first time since their feud erupted in 1960, Chinese officials said Friday.

The Chinese Foreign Ministry said that Moscow would open a consulate in the eastern port city of Shanghai while China operates a mission in the Soviet city of Leningrad. The ministry did not give a date for the agreement, which analysts here said represented a new step towards the normalisation of relations between the rival communist giants.

Diplomatic sources said the accord was the result of talks begun last year, and that the Chinese consulate in Leningrad had already been opened. They said the discussions could also lead to the opening of Soviet consulates in Shenyang and Harbin, two cities in northeastern China.

China and the Soviet Union began moving towards closer relations in 1982 after two decades of strains caused by deep ideological and strategic differences. But progress has been made more on the economic than on the diplomatic front, with bilateral trade jumping from 300 million dollars to 1.9 billion dollars between 1983 and 1985.

The two countries have government-to-government relations, but have yet to restore ties between their communist parties. Beijing says such a move faces three obstacles: the Kremlin's support for the Vietnamese military presence in Cambodia, the Soviet intervention in Afghanistan and Moscow's military buildup along the Chinese border. Analysts say that China has hardened its stance since the end of last year, finding various pretexts for avoiding discussion of the three obstacles.

SOVIET UNION CRITICIZES U.S. NUCLEAR TEST

OW060142 Beijing XINHUA in English 0103 GMT 6 Jun 86

[Text] Moscow, June 5 (XINHUA) -- The official Soviet news agency TASS today accused the United States of "criminal disregard" for world demands for an end to the arms race with its nuclear test in Nevada yesterday. TASS said this was the fifth nuclear test in the United States this year and the 12th since the Soviet Union began a unilateral moratorium on all nuclear testing last August.

The agency also attacked U.S. President Reagan's statements in his letter to the U.S. Congress before the test that said the United States would continue its strategic modernization program and the "star wars" program. The Soviet Union has extended its unilateral moratorium several times since its initial announcement last year. Last month the Soviet Union decided to extend it again until August. But the United States has refused to respond to the Soviet call. TASS said the latest test was pointedly timed to coincide with the world environmental protection day.



I. 6 Jun 86

PRC INTERNATIONAL AFFAIRS  
NORTHEAST ASIA

D 1

PRC, DPRK SIGN SCIENTIFIC COOPERATION ACCORD

OW051246 Beijing XINHUA in English 1148 GMT 5 Jun 86

[Text] Pyongyang, May 5 (XINHUA) -- An agreement was signed here today at the 26th session of the China-Korea Committee for Scientific and Technical Cooperation.

Vice Minister of China's State Scientific and Technological Commission Gue Shuyan and Vice-Chairman of Korea's State Scientific and Technical Commission Kim Ung-ho signed the agreement on behalf of their respective governments.

The meeting also approved the previous session's decision on matters on scientific and technical cooperation in the fields of earthquake and marine sciences as well as a number of bilateral cooperation projects for this year.

Last year, 61 projects were launched between the two countries. The number is expected to increase to 63 this year.

Before the signing ceremony, Vice-Premier and Chairman of the foreign Economic Committee Kim Pok-sin met with China's governmental scientific and technological cooperation delegation.

MPR RESUMES ULAANBAATAR-BEIJING AIR SERVICE

OW050828 Beijing XINHUA in English 0813 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- The direct air service between Ulaanbaatar and Beijing will be resumed tomorrow by the Civil Aviation Administration of the People's Republic of Mongolia after a 19-year suspension.

The agreement for resumption was concluded last year by the civil aviation authorities of China and Mongolia in a bid to meet the needs of growing tourism.

The air service between Beijing and Ulaanbaatar Bator began in 1958 and was suspended in 1967.

An official of the Civil Aviation Administration of China (CAAC) said CAAC will consider the resumption of air service depending on the passenger and cargo traffic situation in the future.



LAUREL SAYS PHILIPPINES TO HOLD NOVEMBER ELECTION

OW052042 Beijing XINHUA in English 1515 GMT 5 Jun 86

[Text] Tokyo, June 5 (XINHUA) -- Philippine Vice President and Foreign Minister Salvador Laurel announced today that Philippines will hold general elections in November, after which the country will "have a new constitution and a regular congress."

At a press conference at the Japan National Press Club this afternoon, Laurel, who is on a three-day Japan visit, said "we are speeding up the transition from a provisional government to a truly constitutional democracy." He said the government of President Corazon Aquino will ensure that the elections are "free, honest and orderly."

Laurel also said his trip to Japan has been "satisfying and fruitful", adding that the Japanese Government has had a positive response to the problems of the debt-ridden Filipino economy. He said that one of the pressing tasks for the 100-day-old Philippine Government is to rescue the country's economy. Laurel said he hopes Japan will provide the Philippines with economic aid because this is of "great significance to the Philippines."

In reply to a question about the personal assets of deposed President Ferdinand Marcos, the vice president said that the Philippine Government is probing the matter, but added it will need time to settle the issue.

He also disclosed that he will visit China from June 15 to 18, during which time he will tell the Chinese about the current Philippine economic and political situation and will ask for aid. Laurel arrived in Tokyo Tuesday and leaves for home tomorrow.

PNG TRADE UNIONISTS PROTEST FRENCH NUCLEAR TESTS

OW041105 Beijing XINHUA in English 1029 GMT 4 Jun 86

[Text] Canberra, June 4 (XINHUA) -- Trade unionists of the South Pacific state of Papua New Guinea (PNG) have decided to ban the loading and unloading of French ships indefinitely to protest against French nuclear testing in the region. According to a report from PNG capital Port Moresby, the decision was made by the national executive committee of the PNG Waterside Workers' and Seamen's Union. It will be implemented to prohibit the unloading of the French cargo ship "Capitaine Dermadec" scheduled to arrive in Port Moresby tomorrow.

In Canberra, Australian Foreign Minister Bill Hayden has issued a statement saying that his government fully shared the strong opposition to French nuclear tests in the region. "South Pacific nations are united in opposing nuclear tests in the region, a sentiment clearly reflected in the South Pacific Nuclear Free Zone Treaty," he noted. The treaty was endorsed by leaders of 13 South Pacific countries in Rarotonga, capital of Cook Islands, in August 1985. The nuclear-free zone covers French Polynesia, where France has said its nuclear testing program will continue.

According to the New Zealand seismological station at Rarotonga, a French nuclear explosion estimated at 20 kilotons took place on May 31, following earlier tests on April 22 and May 7 and 27 this year.

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NEW CHINA QUARTERLY LAUNCHED IN HONG KONG

OW041445 Beijing XINHUA in English 1215 GMT 4 Jun 86

[Text] Hong Kong, June 4 (XINHUA) -- A new magazine, "NEW CHINA QUARTERLY", was launched here today. Edited by NEW CHINA QUARTERLY editorial board and China Media Development Inc. and published by New China News Ltd. in Hong Kong, the magazine is devoted mainly to China's latest economic developments and serves as a bridge for people overseas to enter into economic cooperation with China. It also carries factual reports and analysis on China's political, scientific and cultural developments.

In its inaugural special issue, the magazine says it will help readers to get a clear understanding of China. In the special issue, it reviews China's Sixth Five-Year Plan and analyses prospects of the seventh that begins this year. It also gives a profile of Chinese Vice-Premier Tian Jiyun. Other articles include cooperation opportunities in developing China's steel industry and in retooling Chinese existing enterprises. It devotes several articles to developments in north China open city of Tianjin.

SRV'S CAMBODIAN TROOP WITHDRAWAL FOOLS NO ONE

OW050828 Beijing XINHUA in English 0654 GMT 5 Jun 86

["Commentary: Hanoi Fails To Hoodwink World Public Opinion (by Tang Tianri)" -- XINHUA headline]

[Text] Beijing, June 5 (XINHUA) -- Few people have been taken in by the pompous show of "troop withdrawal" staged by the Vietnamese authorities recently. Hanoi has gained little from either the dry-season military offensive or the rainy-season propaganda.

The Vietnamese have been resorting to military attacks and diplomatic offensive alternatively on the Kampuchean problem -- the former in the dry season and the latter in the rainy season. In the current rainy season, they continued to peddle the so-called fifth "partial troop withdrawal" from Kampuchea and reject the "eight-point proposal" raised by the Coalition Government of Democratic Kampuchea.

The Vietnamese party paper "NHAN DAN," however, did not give much publicity to Hanoi's "sincerity" of pullout as it had done in its previous four "troop withdrawals." The Hanoi media now stress their "new idea," claiming that the latest "partial troop withdrawal" signified a "strong" Heng Samrin regime in Phnom Penh. But unfortunately, Heng Samrin himself has rejected the notion by admitting "complex problems" and "various difficulties" arising from the widespread guerrilla warfare waged by the resistance forces in the past two years.

In a bid to turn down the "eight-point proposal" on a political solution of the Kampuchea problem, Vietnamese senior officials have been busy holding secret talks in Moscow and having "emergency consultations" in Hanoi with the chieftain of the Phnom Penh regime and the Laotian head of government. Without any sincerity, they came out with the old proposal of "completing troop withdrawal by 1990."

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Even troop withdrawal by 1990 is string attached: Hanoi will "take appropriate measures" in case that "it (withdrawal) is used to sabotage peace and security of Kampuchea." Vietnamese Foreign Minister Nguyen Co Thach has made it clear by saying that "if the Kampuchean (Heng Samrin) troops provide incapable of ensuring security and peace of that country, the Vietnamese troops will continue to stay there."

Vietnamese senior officials have time and again announced that Vietnamese troops will remain in, or return to, Kampuchea after 1990 if the situation so requires. This lays bare Hanoi's real intention to intensify its aggression and occupation of Kampuchea.

It is true that Hanoi's propaganda can deceive some people for some time. But as it is losing in its military offensive, the current propaganda campaign is becoming less vigorous and less effective, for it cannot deceive all the people all the time.

CGDK SAYS RV SEEKS TO 'COLONIZE' CAMBODIA

OW030602 Beijing XINHUA in English 0544 GMT 3 Jun 86

["Son Sann: Vietnamese Withdrawal a Hoax" -- XINHUA headline]

[Text] Paris, June 2 (XINHUA) -- Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, today dismissed the recent announcement of a partial withdrawal of Vietnamese troops from Kampuchea as "merely a new rotation of troops."

Son Sann, who is currently on a tour of European countries, said while Vietnam withdrew some of its troops with great publicity last week, it added two new divisions quietly in Kampuchea.

He said he will go to Strasbourg to urge the European Parliament to suspend economic aid to Vietnam until it withdraws its troops from Kampuchea.

Son Sann said the peace proposal put forward by his government in March calling for direct talks between all interested parties in Kampuchea has won support from more than 40 countries.

Vietnam has rejected the proposal because it wants to "colonize" Kampuchea, Son Sann said. Since 1979, more than 700,000 Vietnamese, many of whom were given citizenship by the Vietnamese-backed Heng Samrin regime, have settled in Kampuchea, he added.

However, he predicted that Vietnam will be forced to come to the negotiating table sooner or later, because "the military occupation in Kampuchea is more and more expensive and Vietnam's economy is facing catastrophe."

PAKISTAN TO LAUNCH COMMUNICATIONS SATELLITE

OW050816 Beijing XINHUA in English 0711 GMT 5 Jun 86

[Text] Islamabad, June 5 (XINHUA) -- Pakistan is preparing to launch a domestic communication satellite system to facilitate telephone, telex, television and data transmission services nationwide.

Salim Mahmud, chairman of the Pakistan Space and Upper Atmosphere Research Commission, said in Karachi yesterday that his commission had already completed a detailed design feasibility study on such a system. The project is likely to be implemented during Pakistan's Seventh Five-Year Development Plan period scheduled to commence in 1988.

In the meantime, he said, ground work and training of personnel are in progress to ensure that satellite services will be used in an optimum manner. Salim Mahmud said Pakistan's space program is entirely focused on the peaceful application of space technology, especially those which have direct bearing on the masses. The policy will continue to be followed to make the best use of the limited resources, and while doing so maximum attention will be given to the promotion of international cooperation, he said.

AFGHAN REBELS ATTACK SOVIET MILITARY POSTS

OW041101 Beijing XINHUA in English 1021 GMT 4 Jun 86

[Text] Islamabad, June 4 (XINHUA) -- The Afghan Mujahideen (freedom fighters) have recently destroyed two Soviet military posts in the Afghan province of Lowgar, south of Kabul, Mujahideen sources said here today. According to the sources, 20 Soviet-Afghan troops were killed in the attacks on the two posts in Deh Mughulan and Mir Abdal areas on May 28. The AGENCY AFGHAN PRESS [AAP] reported today that the Soviet troops in Afghanistan, trying to take advantage of the month of Ramadan, had stepped up military activities around the Zazi cantonment in the eastern Afghan Province of Paktia.

On May 27, AAP said, the Soviet troops attacked the Al-Fateh front of the Mujahideen, where the freedom fighters put up stiff resistance and finally repulsed the Soviet attack. The next day, the Mujahideen launched a counter-attack in Sikandar Khel area and destroyed a security post in which about 50 Soviet troops were deployed. The casualties of the Soviet troops have yet to be confirmed, AAP said.

In Qandahar Province of southern Afghanistan, the Mujahideen launched an attack with surface-to-surface missiles on the Qandahar cantonment on the night of May 24. In the same province, AAP said, the Mujahideen also attacked with rocket fire a security post in the provincial capital city of Qandahar on May 22, killing eight Afghan troops.

According to AAP, the Mujahideen, using surface-to-air missiles, shot down a Soviet transport helicopter loaded with arms and ammunition near Sheigal Town, south of Qandahar City, on May 23.



NPC DELEGATION CONTINUES VISIT TO NORWAY

## Meets Parliamentarians

OW050048 Beijing XINHUA in English 0022 GMT 5 Jun 86

[Text] Oslo, June 4 (XINHUA) -- President of the Norwegian Storting (parliament) Jo Benkow said today that his country welcomes China's policy of opening to the outside world and earnestly hopes to expand trade relations with China.

Meeting a delegation of the Chinese National People's Congress (NPC) headed by NPC Vice Chairman Rong Yiren, Benkow said that scientific and technological cooperation between Norway and China will benefit both countries. In his reply, Rong said that China can learn advanced technology and good experience from Norway, and that the potential for Sino-Norwegian cooperation is "tremendous."

The Chinese NPC delegation also held talks with leaders of the Storting and representatives of its six political parties today. Reiulf Steen, vice president of the Storting, and Rong briefed each other on the organization and work of their institutions. Rong specifically explained the Seventh Five-Year Plan of China and the law for foreign investment in the country. Steen said that all the political parties of the Storting hold "identical views" in regard to boosting Norwegian-Chinese ties.

On China's nuclear energy and safety, Ye Lin, deputy head of the Chinese delegation and a member of the NPC Standing Committee, said that nuclear energy is an important part of China's energy resources, and China has set up an organization responsible for safety of the nuclear power plants under construction.

At the request of the Norwegian hosts, the Chinese delegation also explained China's price reform and family planning.

The Chinese delegation was shown around the Norwegian Storting after the talks.

The Chinese NPC delegation arrived here from Denmark this morning for a three-day visit at the invitation of the Norwegian Storting.

## Attends Banquet

OW050126 Beijing XINHUA in English 0116 GMT 5 Jun 86

[Text] Oslo, June 4 (XINHUA) -- Norwegian parliament President Jo Benkow said here today that relations between Norway and China are time-honored and developing and that economic cooperation has constituted a major factor in the development of bilateral relations.

Speaking at a banquet he held here this evening in honor of a delegation of the Chinese National People's Congress (NPC), Benkow noted that cooperation between Norway and China are expanding in the fields of energy, communication and high technology.

The NPC delegation, headed by its Vice Chairman Rong Yiren, arrived here this morning for a three day visit.

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Benkow appreciated China's independent foreign policy of peace and stressed the necessity for cooperation between the legislative bodies of the two countries.

In his reply, Rong spoke highly of the "positive contributions" made by Norway to maintaining world peace and developing international economic cooperation. Sino-Norwegian relations have reached a new level in recent years with a remarkable development of cooperation and exchange in various field, he said. He also expressed thanks to the various political parties within the Norwegian parliament for their positive attitude in pushing forward Sino-Norwegian relations.

#### Meets Prime Minister

OW052200 Beijing XINHUA in English 1441 GMT 5 Jun 86

[Text] Oslo, June 5 (XINHUA) -- Norwegian Prime Minister Gro Harlem Brundtland met today with the Chinese National People's Congress (NPC) delegation led by Rong Yiren, vice chairman of the NPC Standing Committee.

In a one-hour talk with Rong, Brundtland said that both the Norwegian ruling and opposition parties realize the value of increasing contacts with China. Although the two countries are far apart, Brundtland said, Norway and China could cooperate closely in many fields, such as the energy and petroleum industries. She said that her Norwegian Labor government, which came to power last month, advocates the establishment of a new world economic order.

Rong Yiren told his host that a good basis exists for further developing cooperation between China and Norway, adding that China could learn much from Norway's experiences in economic construction. Rong also met today with Crown Prince Harald and his wife, and with economic and business leaders.

The Chinese NPC delegation arrived yesterday from Denmark for a three-day visit.

#### FRG'S WILLY BRANDT DISCUSSES RELATIONS WITH PRC

OW041041 Beijing XINHUA in English 0947 GMT 4 Jun 86

[Text] Bonn, June 3 (XINHUA) -- Development of good relations with China is in the national interests of Federal Germany and above partisan politics, Willy Brandt, chairman of the Federal German Social Democratic Party (SDP) said today.

In an interview with a group of Chinese correspondents prior to the Chinese Communist Party (CCP) General Secretary Hu Yaobang's five-day visit to Federal Germany beginning June 12, Brandt said all political parties in Federal Germany hold identical views on developing relations with China. Brandt, who is Hu's co-host with Federal German Chancellor Helmut Kohl, said Hu's visit is important not only to relations between the two countries but will also allow exchange of views between the CCP and the SDP on the international situation.

The SDP chairman said the two countries have good relations and have been developing strong economic ties and scientific and technological exchanges. There is still, however, room for expansion of their bilateral relations, he said.

Brandt said the CCP and SDP have different histories and ideologies but they have very similar views in opposing the threat of war, handling South-North relations and a number of other issues. He said the two parties can learn from each other and further expand their relations. He said China's policy of opening to the outside world is not only beneficial to the Chinese people but also appealing to other countries because it offers opportunities to them to expand their trade and relations with China.

On the issues of world peace and disarmament, Brandt said there seemed to be some progress after the U.S.-Soviet Geneva summit last November. But people now doubt if the so-called "Geneva spirit" had ever existed. The non-aligned and European countries should exert pressure on the super-powers and express their dissatisfaction with the current situation, he said.

Brandt said that judging from a historical perspective, Europe will one day unite. At present, both Western and Eastern Europe want to be more independent from the superpowers. In recent years, he said, both sides are equally interesting in promoting mutual cooperation despite their different social systems and the confrontation between the superpowers.

Brandt said he welcomes China's attitude regarding Europe as a single entity and developing cooperation with both West and East Europeans. Brandt said West European countries should adopt identical political actions and security policies as well as develop common economic markets. The North Atlantic Treaty Organization should be re-shaped from its present status of U.S. dominance into a two-pillar alliance in which the United States and Canada represent one pillar and an integrated Western Europe the other, he added.

Brandt said his party, like China, can not accept the Soviet occupation of Afghanistan and has criticized repeatedly Soviet interference in that country.

He also said he recognized that the Kampuchean issue is one of the key issues standing in the way of normalization of Sino-Soviet relations. He said China is correct in attaching great importance to the Kampuchean issue.

On South-North relations, Brandt said the international community should give priority to the settlement of the debt problems and the agricultural development of developing countries. To realize food self-sufficiency, the Third World can learn from China's experience, he added.

He also called on the General Agreement on Tariffs and Trade (GATT) to oppose the protectionism of the industrialized countries, improve the trade terms for the developing countries and increase access for their products in the world market. Brandt said he is pessimistic about the world economic situation and he predicted that the world economy will enter into a new recession beginning the later half of next year. He complained that the industrialized nations' summit in May had failed to take adequate measures to address the unemployment problem and the debt crisis, which he said could lead to a bank crisis.

#### THATCHER URGES OBSERVANCE OF SALT II ACCORD

OWO40636 Beijing XINHUA in English 0554 GMT 4 Jun 86

[Text] London, June 3 (XINHUA) -- British Prime Minister Margaret Thatcher today called on both the United States and the Soviet Union to observe the SALT II agreement.



"I hope SALT II will continue to be observed...if there is an agreement it has to be observed on both sides," the prime minister told the House of Commons. But she also expressed full support for U.S. President Ronald Reagan's remarks to abrogate the SALT II nuclear weapons agreement in November unless the Soviet Union ended its alleged breaches of the treaty.

The prime minister told the House of Commons during question time that President Reagan had produced details of Soviet failures to comply with the treaty. She said the United States had "left the door open" for the Soviet Union to comply with SALT II. There was a "clear opportunity" for the Soviets to reply positively, she added. The Strategic Arms Limitation Treaty (SALT) was signed by former U.S. President Jimmy Carter and Soviet leader Leonid Brezhnev in 1979 but has never been ratified.

Deputy Labour leader Roy Hattersley urged the prime minister to press President Reagan not to carry out his threat to abrogate the treaty.

Lord Whitelaw, deputy prime minister and leader of the House of Lords who led a British parliamentary group during a 10-day visit to the Soviet Union, stressed on return to London yesterday that if the Soviet side was to abide by the treaty, there would be no reason for Washington to abrogate it by the end of the year. "I hope we (Britain and the Soviet Union) have established a basis for greater understanding and perhaps greater mutual respect," he said.

#### PRC TO ATTEND SPACE EXHIBIT IN SWITZERLAND

OW031558 Beijing XINHUA in English 0638 GMT 3 Jun 86

[Text] Geneva, June 2 (XINHUA) -- Nearly 315 participants from 18 countries, including China, are expected at an international exhibition on the commercialization of space (Space Commerce 86) to be held in Montreux, Switzerland, from June 16 to 20.

Michel Graber, delegate of economic affairs in Montreux, told a press conference participants will discuss the effects of growing space activities upon the industry and the service sector. He lauded China's entry into the launching of commercial satellites.

China announced last month that it will launch a U.S. telecommunications satellite, expanding its space program on the heels of several setbacks in the Western nations' space efforts.

On February 28, the U.S. spacecraft Challenger exploded in the sky killing all seven astronauts on board. Not long after, a U.S. Titan rocket also exploded several minutes after liftoff, causing millions of dollars in damage and a European Ariane-2 rocket was destroyed after take-off Friday.

Jean-Louis, representative of the European Space Agency, said the situation facing the Western countries after several failures in rocket launching is "serious" but it will not impede future space development.



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WU XUEQIAN DEPARTS HUNGARY ENDING TOUR OF EUROPE

OW051802 Beijing XINHUA in English 1744 GMT 5 Jun 86

[Text] Szeged, Hungary, June 5 (XINHUA) -- Chinese Foreign Minister Wu Xueqian said today that China and the nine European nations he has just visited have the desire and potential to expand relations. Before he left Hungary, Wu told XINHUA here that the purpose of his visit to enhance understanding, develop friendship, strengthen cooperation and promote peace had been realized.

Wu, who is also a state councillor, visited Finland, Sweden, Norway, Denmark, Belgium, Luxembourg, Ireland, Democratic Germany and Hungary during his 26-day tour. Wu said China and the nine countries believe in safeguarding peace so that their individual economies can be developed under a stable international environment. He noted that these countries are playing an ever increasing important role in safeguarding world peace.

"We have exchanged views over international problems of common interests and the furtherance of bilateral relations," Wu said of his meetings with officials of the nine countries.

Stops in Yugoslavia, Romania

OW060136 Beijing XINHUA in English 0043 GMT 6 Jun 86

[Text] Beijing, June 6 (XINHUA) -- Chinese Foreign Minister Wu Xueqian stopped over in Yugoslavia and Romania Thursday on his way home at the end of a nine-nation European tour. During the stopovers, Wu and foreign ministers of the two countries discussed international issues and bilateral relations.

PRC-HUNGARY SCIENTIFIC COOPERATION AGREED

OW060130 Beijing XINHUA in English 0034 GMT 6 Jun 86

[Text] Budapest, June 5 (XINHUA) -- China and Hungary today signed a protocol on direct cooperation between the leading scientific and technological bodies in the two countries. The document envisages an increase in the exchanges of technology and closer cooperation in joint research and design work. The protocol also provides for a regular exchange of information on science and technology.

The accord was signed here today between Song Jian, Chinese state councillor and minister in charge of the state science and technology commission, and his Hungarian counterpart Pal Tetenyi.

Song, who arrived here Sunday at the head of a Chinese science delegation, began talks with Tetenyi on Monday. They discussed the possibility of expanded scientific cooperation between their two countries and agreed to promote a joint exchange of scientific workers. Song also met senior Hungarian officials and it was agreed at the talks that efforts should be made to tap the potential for a further increase of bilateral cooperation in the fields of economy and trade as well as science and technology.

POLISH PARLIAMENTARY DELEGATION BEGINS VISIT

OW050814 Beijing XINHUA in English 0651 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- A Polish parliamentary delegation led by its Marshal Roman Malinowski [title as received] arrived here at noon today on an eight-day goodwill visit to China at the invitation of the Standing Committee of China's National People's Congress (NPC).

Among those greeting the delegation at the airport were Vice-Chairman of the NPC Standing Committee Ye Fei, and diplomatic envoys or diplomats of the member countries of the Council of Mutual Economic Assistance.

The visitors will be honored at a banquet given in their honor by the NPC Standing Committee this evening. It has learned that the delegation will hold working conferences with the NPC Standing Committee and go on a tour of several Chinese cities.

Feted by NPC Official

OW051441 Beijing XINHUA in English 1357 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Ye Fei, vice-chairman of the National People's Congress Standing Committee, said here tonight that China's NPC desires to work for the constant growth of Sino-Polish friendly relations on the basis of equality and mutual benefit together with the Polish Parliament. He was speaking at a dinner he gave in honor of a Polish parliamentary delegation led by Marshal Roman Malinowski. He described the Polish delegation's visit as a major event in bilateral relations.

Ye praised Polish people for their great achievements in the socialist construction over the past 42 years and for their positive contributions to safeguarding peace in Europe and the rest of the world. China and Poland are both socialist countries. The further development of their friendship on the basis of principles of equality, mutual benefit and respect conforms to the interests of the two peoples. He noted that the two peoples have undertaken fruitful cooperation in many fields. Over the past few years the areas of bilateral cooperation have been expanded and a new situation is emerging in the relations between the two countries.

Malinowski said the contacts between the two parliaments have played a great role in the promotion of the relations between the two countries and traditional friendship between the two peoples. He noted the increasingly important role China is playing in international arena. The long-standing friendship between the two countries and the growing bilateral relations and cooperation in economy, science, technology and trade are in the interests of the two nations.

"We will do our best to promote cooperation between the two parliaments in a bid to develop their countries' socialist construction, strengthen bilateral cooperation and safeguard world peace," he added. The delegation arrived earlier today for an eight-day friendly visit to China at the invitation of the NPC Standing Committee.

PRC CONDEMNS SOUTH AFRICAN RAID ON ANGOLAN PORT

OW061004 Beijing XINHUA in English 0953 GMT 6 Jun 86

[Text] Beijing, June 6 (XINHUA) -- China today condemned South Africa for its armed raid on the southern Angola oil port of Namibe. In a statement released here today, a spokesman for the Chinese Foreign Ministry said that on the early morning of June 5, the South African authorities dispatched a warship and a squad of divers to outrageously attack the southern Angolan oil port of Namibe, sinking and damaging Angolan merchant vessels, destroying oil depots and causing extensive damage to harbor installations. By this barbarous act, the spokesman said, the South African authorities have flagrantly violated the sovereignty and territorial waters of an independent country, brutally trampled upon the norms governing international relations and committed a fresh crime against the southern African people following their armed invasion of the capitals of Botswana, Zimbabwe and Zambia last month.

"The Chinese Government and people express hereby their utmost indignation and strong condemnation against this," he added. The Chinese Government and people also express their deep sympathy for and solidarity with the Angolan Government and people who have suffered from the aggression of the South African authorities and firmly support the people of Angola and other southern African peoples in their just struggle against racism and for winning national independence, and safeguarding their state sovereignty and territorial integrity, he said.

AFRICAN STUDENTS HOLD PROTEST MARCH IN BEIJING

HK060641 Hong Kong AFP in English 0634 GMT 6 Jun 86

[Text] Beijing, June 6 (AFP) -- About 300 African students held a march here on Friday in protest against "racist aggression" by Chinese students, particularly in the northeast Chinese city of Tianjin, witnesses said. The demonstrators, carrying banners denouncing "all form of racism," marched some 20 kilometres (about 13 miles) from Beijing Languages Institute to the Education Ministry.

CAPE VERDE PRIME MINISTER LEAVES FOR HOME

OW031525 Beijing XINHUA in English 1429 GMT 3 Jun 86

[Text] Beijing, June 3 (XINHUA) -- Cape Verde's Prime Minister Pedro Pires, and his party left here for home by air tonight at the end of an eight-day official visit to China. Pires told XINHUA before his departure that his visit had further developed bilateral political relations and economic cooperation. The future task is to consolidate the results of the visit and open new ways to further bilateral relations. He said he was leaving here with a beautiful impression of China.

Pires and his party returned here from Changzhou by special plane earlier this evening in the company of Light Industry Minister Yang Bo. Pires and his party visited a bicycle factory and a comb factory in Changzhou today and a tea plantation and a pottery factory in Yixing County near Changzhou yesterday.



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10 SATELLITE LAUNCHES PLANNED IN NEXT 5 YEARS

OWO60950 Beijing XINHUA in English 0936 GMT 6 Jun 86

[Text] Beijing, June 6 (XINHUA) -- China plans to launch ten satellites for use in communications, meteorology and survey of land resources in the next five years. This was revealed here today at a press conference by Sun Jiadong, vice-minister of astronautics.

While actively expanding the space industry to meet the needs of domestic economic development, he said, China is looking for cooperation and technological exchanges with the rest of the world. Since the beginning of space exploration in the 1950s, China has succeeded in turning out a series of rockets known as "Long March-1", "Long March-2" and "Long March-3" and launched 18 scientific experiment satellites of various kinds, of which seven were recoverable.

The vice-minister said that at present, two Chinese satellites are aloft in space. One was launched April 8, 1984 and located at 125 degrees longitude east, the other, a geostationary one for communications, was launched February 1 this year and located 103 degrees longitude east. He said that the carrying capacity of the "Long March-3" rocket amounts to 1.4 tons. As research is now under way, the next one to be developed is expected to be able to carry a satellite weighing 2.5 tons, he added.

STATE COUNCIL CIRCULAR ON BANNING 'TIED SELLING'

OWO50345 Beijing XINHUA Domestic Service in Chinese 0004 GMT 4 Jun 86

[Text] Beijing, 4 June (XINHUA) -- The State Council recently issued a "Circular on Earnestly Solving the Problem of the Tied Selling of Goods."

The circular pointed out: The practice of tied selling of goods, in which quality products are sold only on condition that inferior items are bought, continues in many localities. Although such practice can help an enterprise or an individual dispose of poor-quality and unsalable products to obtain temporary economic benefit, it is substantially detrimental to the long-range interests of the state and enterprises, as well as to those of consumers. First, protecting production and sale of shoddy and inferior commodities leads to enormous waste; second, goods which can be disposed of through normal sales channels have been tied-sold as inferior and unsalable products. This practice damages the reputation of these products and their producers, thereby adversely affecting future production and sale; third, the practice of tied selling of inferior goods at high prices also damages the interests of consumers and the reputation of socialist commerce.

The circular urged all localities to adopt effective measures to curb the practice of hurting the interests of the state, enterprises, and the people in exchange for immediate interests.

1. Solve the key problem of production. The main reason for the practice of tied selling of goods is that poorly-managed enterprises, while making no effort to improve their production technology and disregarding market demands, continue to manufacture inferior and shoddy products, and try to dispose of them, by means of tied selling, through commercial channels. The key to curbing this practice is to solve the problem of production.

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All localities, industrial administrative departments, and enterprises must abide by the fundamental purpose of socialist production, and strive to increase the output of quality and marketable brand-name products, to meet the people's rising material and cultural needs. The production of unmarketable products must be strictly restricted, while inferior products must be resolutely eliminated. Enterprises during unmarketable products should immediately switch to the production of other products. Enterprises are not permitted to dispose of their inferior and unsalable products to other units or individuals through tied selling in any form or under any pretext.

2. Tackle the problem of commerce. Another principal reason why inferior and shoddy products can reach consumers through tied selling is the indiscriminate purchase of goods by commercial departments. Enterprises and commercial departments at all levels should strengthen investigation and study, do a good job in market forecasting, actively support the product of marketable commodities by providing information and by promptly purchasing and selling them, and firmly turn down requests of industrial departments to market their inferior goods through forced tied selling. State, collective, and individual commercial establishments, which have indiscriminately purchased unsalable products in the hope of marketing them through tied selling, are not permitted to dispose of their products to retail stores and consumers through tied selling in any form or under any cover.

3. Quickly draw up concrete plans. Pertinent departments should formulate specific regulations governing arrangements for production to meet market demands, the rational distribution of products in short supply, the proper handling of unmarketable commodities, and punishment for units and individuals continuing to practice tied selling in violation of established regulations.

4. Strengthen inspection and supervision. Competent authorities in charge of industry and commerce at all levels must conduct constant inspection in order to put an end to the practice of tied selling. Industrial and commercial administrative departments, prices bureaus, and other departments concerned should maintain close coordination in carrying out supervision, and promote and accept inspection and supervision by consumers. Once problems are discovered through inspection, they must be dealt with strictly and promptly.

#### 'SPARKING PLAN' TO FIRE DOMESTIC ECONOMY

OW051447 Beijing XINHUA in English 1409 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Forty-seven Beijing rural industrial businesses have been chosen to pilot a local "sparking plan" aimed at firing the domestic economy.

Under the plan, scientific research institutes and large factories will pass on their modern technology like sparks to create new and much-needed production.

A Beijing official said today that the rural businesses would be technically modernized to enable them to produce such items as technical components for major industries which are in short supply. In this way they would set an example for other rural industries.

The official said municipal authorities would fund research projects for the "sparking plan" with 25 million yuan, and would train management and technical specialists for the rural factories over the next five years.

NONGMIN RIBAO FEBUTS PREJUDICES AGAINST COMMERCE

HK050845 Beijing NONGMIN RIBAO in Chinese 27 May 86 p 1

[Commentator's article: "On 'Making Huge Profits in a Dubious Manner'"]

[Text] "Making huge profits in a dubious manner" is now a prevalent phrase in society. "Dubious" refers to households of the individual sector engaged in commercial and service trades. The doggerel indicates certain prejudices.

In the rural areas, it is true that a number of peasants have left the soil in recent years to do businesses in towns and cities. Some have become specialized households engaged in commerce and have made some profits. The majority of the specialized households engaged in commerce have abided by the law and have put in a lot of hard work. They work from dawn to dusk, eat and sleep in the open, and rush about from place to place. They also have to gather information and find out about the latest prices and demands. Indeed, they have put in a lot of mental and physical labor. It is not a one-sided view to blame them for the profits they have made without knowing the labor they have put in?

Socialism honors labor, and labor is honorable. Workers, peasants, and intellectuals are all laborers. They acquire a very high position in society. What about businessmen? Businessmen are also laborers, because commercial activities, like labor, can create value. Commodity exchange links production with consumption and produces use value and value of the commodities of industrial and agricultural production, thus promoting social reproduction. As the people engaged in commerce, including individual households, during the socialist period are also laborers, they should be respected by society just like other laborers. It would be unfair to regard them as people of "dubious character" and blame them for no reason at all.

With the passage of time, we are no longer in the era of "a small country with a limited number of people." Commodity exchange has become a phenomenon that exists at all times and in large numbers. Commerce has become an indispensable trade in society. With the transition from a sufficient and semi-sufficient natural economy to a commodity economy in the rural areas, commerce is becoming more and more important. Indeed, there can be "no invigoration without commerce" in the rural areas. In our everyday life, can anyone live without commerce? Complaints about difficulties in purchasing things can now be heard in many localities. The rural areas have difficulties in purchasing farm materials and "fashionable" commodities; cities and towns have difficulties in "having meals," "making clothes," "getting a haircut," and "taking a bath"; and there are also difficulties in selling things. This shows that further enlivening commerce has become a general social demand. It is strange that the ideas of some people contradict social demand, including that of their own. They eat and wear clothes every day, yet they look down upon those who sell food and make clothes. They take baths and have haircuts every month, yet they look down upon people working in bathhouses and barber shops. It is not strange that their ideas contradict their actual needs?

All prejudices have historical reasons. There were people among our ancestors who looked down upon commercial trade. Take Confucius for example; many of his mottoes are still applicable today, yet he looked down upon people doing businesses.



Zigong was actually a favorite disciple of Confucius. As he was keen on doing business, Confucius criticized him for going beyond his bounds and engaging in speculation. In fact, Zigong was very good at doing businesses. Handed down from generation to generation, the ideas that look down upon commercial trade still affect certain people today. The doggerel "people with a dubious character make huge profits" is actually the remnant of history.

Times have changed after all and people engaged in trade, including large numbers of individual households, are making indispensable contributions to society. If we continue to look on them with outdated ideas, it would mean that our brains are still in remote antiquity though we have joined socialism. The deepgoing development of reform and progress of the times require people to change all their outdated, traditional ideas.

It should be pointed out that a handful of people have exploited the advantage of opening up and economic invigoration and used illegal means to make huge profits. Some of them have ignored commercial ethics and some have defied state laws, rode roughshod over others, and resorted to blackmail. They should be criticized, educated, and fined. Those who have violated the law should be punished accordingly.

#### NEW PLAN TO IMPROVE ENVIRONMENTAL PROTECTION

HK060315 Beijing CHINA DAILY in English 6 Jun 86 p 1

[By staff reporter Guo Zhongshi]

[Text] A comprehensive plan to improve China's environmental protection was announced yesterday at a meeting in Beijing marking the 14th International Environmental Day.

The new programme, which includes schemes for the prevention and reduction of pollution, the technological transformation of industrial firms, greater State supervision, the exploration of new resources and formulation of new regulations, will be implemented throughout the country over the next five years.

Major efforts will be focused on tackling environmental problems caused by industrial waste and noise in urban areas, Ye Rutang, Minister of Urban and Rural Construction and Environmental Protection, said at the meeting, which was attended by Chinese specialists and two United Nations representatives.

He said new industrial businesses now under construction or being planned were required to send in reports showing their potential effects on the environment and the old, pollution-ridden ones would go through technological transformation aimed at making them meet State standards of environmental protection.

While guiding rural township enterprises in their development, Ye said, the ministry will be strict with pollution problems in a bid to stop pollution from increasing or spreading to other places.

The ministry will devote special efforts to preserving the ecological balance and economizing on natural resources by formulating new laws and putting forward an "ecological agriculture" plan -- the exploration of new energy resources in rural areas, controlled distribution of pesticides, the construction of natural reserves as well as the protection of rare species of plants and animals on the verge of extinction, he said.

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The ministry will also step up its environmental monitoring to form a nationwide network using advanced equipment to present accurate reports, Ye added.

In the past few years, he said, China had achieved some success in environmental protection, adding that 167 major sources of pollution were blocked and pollution caused by industrial wastes was controlled, even though the country's industry was still growing rapidly.

A forest belt of more than 6 million hectares was completed, gas rather than coal cooking was popularized, 70 percent of chimneys were equipped with soot trappers, 99 rivers and lakes were cleaned up.

But, he said, the 10 main problems listed by experts as endangering the world environment still existed in China: Desertification, the illegal felling of trees, the extinction of wildlife, the sharp growth of the human population, a shortage of drinking water, the destruction of fishing resources, serious river pollution, the overuse of pesticides, the rising temperature of the earth and acid rain.

"If we fail to give these problems the attention they deserve, we face not only immediate punishment, but also tremendous obstacle to our future development and even irredeemable loss," he said.

Vice-Premier Li Peng said at the ceremony: "We need a peaceful environment; we also need a beautiful, clean and comfortable environment."

#### COLLEGE GRADUATES VOLUNTEER TO WORK IN NORTHWEST

OW050838 Beijing XINHUA in English 0757 GMT 5 Jun 86

[Text] Lanzhou, June 5 (XINHUA) -- Nearly 2,000 students who are soon to graduate from colleges in better development areas have expressed their willingness to work in the northwest, an area still poor but already designated to receive priority in China's economic construction at the turn of this century.

In letters to personnel departments of the Xinjiang Uygur and Ningxia Hui Autonomous Regions, and Qinghai and Gansu Provinces, they expressed the wish to work where conditions are difficult, so that they can contribute more to China's modernization.

The governments of these autonomous regions and provinces are busy making preparations for receiving the volunteers, and they expect more to come, according to personnel officials XINHUA interviewed by telephone.

The northwest, totaling 2.77 million square kilometers (about one third of China's land mass), is part of central Asia. It is famous for its abundance of natural resources but notorious for scarce rainfall and hostile terrain. The 330,000 square kilometer Taklamakan Desert in Xinjiang -- "Taklamakan" meaning "one can go in but can never get out" in the Uygur language -- is the largest in China. And the bulk of Qinghai Province is occupied by the rock-strewn Gobi Desert and the snow-clad Qinghai-Tibet plateau averaging 3,000 meters above sea level.

"I know that conditions in Qinghai are hard," Chen Ziqiang, soon to graduate from the Philosophy Department of Jilin University in Northeast China, said in a letter to Qinghai Authorities. "I don't expect the god of fortune to grant me any special favor, but neither do I think that nothing can be achieved in Qinghai."

Last year, official delegations from the northwest provinces and regions toured Beijing, Shanghai, and others cities, and talked with college graduates, trying to persuade them to volunteer to go and work in their localities.

This followed promises made by Hu Yaobang, Zhao Ziyang and other leaders to make the northwest the center of China's economic construction at the end of this century.

#### FORMALITIES FOR FOREIGN PERFORMERS DISCUSSED

HK050926 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0212 GMT 2 Jun 86

[Text] Beijing, 2 Jun (ZHONGGUO XINWEN SHE) -- Readers' Letterbox: What formalities should be gone through if nongovernmental art ensembles or individual artists of Overseas Chinese and compatriots in Hong Kong, Macao, and Taiwan come to the mainland to put on theatrical performances?

Question: If Overseas Chinese and compatriots in Hong Kong, Macao, and Taiwan come to the mainland to give theatrical performances, with whom should they get in touch?

Answer: The Chinese Foreign Theatrical Performance Corporation under the Ministry of Culture is a department in charge of cultural exchange. Its work involves making arrangements for intergovernmental exchange of art ensembles and nongovernmental exchange of art troupes, including performances given by art ensembles and artists of Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots on the mainland.

Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots who plan to stage theatrical performances on the mainland may enter into direct contact with the Chinese Foreign Theatrical Performance Corporation other relevant departments. The address of the corporation is as follows: 25, Dongsì Shi Tiao A, Beijing; Cable: CPAA; and telex: 22013CPAAG. They may also contact Chinese embassies or consulates in the countries in which they live.

Question: How will art troupes or individuals be granted an entrance visa?

Answer: As long as nongovernment art troupes or individual artists of Overseas Chinese and Hong Kong, Macao, and Taiwan compatriots are notified with approval for their performances on the mainland, they can go to Chinese establishments (such as embassies and consulates) in the countries in which they live to get their passports visaed, and start to make all necessary preparations.

Question: What are the regulations governing expenses for food, accommodation, and travel on the international routes during the visit of art ensembles to China?



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Answer: Generally speaking, when art ensembles are artists that are listed in the plans for intergovernmental cultural exchange visit China, they pay their own traveling expenses on the international routes and the relevant departments of our country are responsible for their food, accomodation, traffic facilities, performance and other services, and the income from their performances are due to the Chinese side. Nongovernmental art ensembles should pay not only traveling expenses on the international routes but also expenses for food, accomodation, and traffic and labor charges for their performances during their visit to China.

Question: Are there any requirements specially applied to the content and form of theatrical performances?

Answer: With improved living standards and enhanced cultural level of the people and thanks to China's policy of opening to the outside world, the Chinese people have broadened their field of vision and their interest in theatrical performances is ever growing. Not only are they interested in traditional culture and arts of different nationalities, but they are also eager to know the trend of contemporary cultural development in the world as well as different styles and schools of art. Therefore, there is a bright future for the exchange of art performances.

#### ABSORPTION OF FOREIGN INVESTMENT SLOWS IN 1986

HK051446 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0857 GMT 5 Jun 86

[Text] Beijing, 5 June (ZHONGGUO XINWEN SHE) -- In the first 4 months of this year, China's absorption of direct foreign investment has slowed down compared with that in 1984 and 1985.

GUOJI SHANGBAO believes there are two reasons: First, with the extended scale of the use of foreign capital, more and more departments are involved in Sino-foreign joint ventures, disputes between both sides have increased, and the question of "difficulties in handling affairs" has become prominent. At present, it is necessary to set up a coordination organ to resolve problems concerning wholly-owned foreign enterprises. The laws and regulations on foreign economy should be based on the fundamental law. They should coordinate and correspond with each other so that there are laws to follow and places to make complaints, and that better conditions are created for foreign investment. Second, it is necessary to implement the existing policies and regulations. For example, the question of import substitutes for the products of Sino-foreign joint ventures is not yet thoroughly resolved in certain departments. Consequently, the state has suffered losses and it has also become difficult for certain joint ventures to maintain a balance of their foreign exchange.

It has been reported that the number of joint ventures, cooperative projects, and wholly-owned foreign enterprises approved by China from January to April this year totals 327, with foreign investment amounting to over \$500 million.

The import of foreign capital reached an all-time high in 1984 and 1985. A number of coastal cities were further opened to the outside world and the state laws and regulations on foreign economy were gradually perfected. As a result, the number of foreign businessmen making investments in China increased drastically. The initiative of American, Japanese, and Western European businessmen in making investments in China changed the situation of Hong Kong and Macao businessmen playing a dominant role in the early stages.

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Of the investment items, the proportion of productive projects increased remarkably and the construction of some large productive projects especially brought about a radical change in the setup of the Sino-foreign joint ventures.

Some experts believe that China will have to import foreign capital on a large scale according to its economic needs. In order to speed up the pace in this regard, it is necessary to gradually revolve the previously mentioned problems.

ZHANG JINGFU ON IMPROVEMENTS IN PRODUCT QUALITY

OW052045 Beijing XINHUA in English 1522 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- China will push ahead with applying international standards of quality, technology and management in Chinese factories, State Councillor Zhang Jingfu said here today.

Economic measures will be adopted over the next five years to ensure that enterprises strive for international standards and raise technical levels, so that more quality goods are produced for the world market.

He said the adoption of international standards was an important step in China's open policy. The improvement of the quality of Chinese products was vital to the modernization drive.

Meanwhile, Zhu Rongji, vice-minister of the state economic commission, said that state standards for product quality would be classified as "superior quality" products whose quality reached the advanced world level, "first-rate" for goods meeting acceptable international standards and "standard products", which measured up to the advanced domestic level.

Preferential treatment and material rewards would be given to enterprises producing superior quality products, while those making inferior products would face extra taxes.

PLA ENGINEERING CORPS EQUIPMENT UPDATED

OW060122 Beijing XINHUA Domestic Service in Chinese 1507 GMT 5 Jun 86

[By reporters Yi Jianru and Chen Xiang'an]

[Text] Beijing, 5 Jun (XINHUA) -- The reporters have learned from a meeting sponsored by the PLA General Staff Headquarters to examine the Engineering Corps' equipment that, in the course of the modernization drive, the PLA Engineering Corps has undergone historic changes and its operation today has been basically mechanized. Gone are the days when construction was done primarily with pick and shovel.

The engineering corps is made up of many special units providing engineering, bridge building, camouflaging, water supplying, and maintenance services. In the course of restructuring and streamlining the Armed Forces, the organization of the Engineering Corps has become even more scientific and rational. Larger in size than before, the Engineering Corps has now basically become one of the best organized branches of the combined forces.

Today, the Engineering Corps has had more engineering equipment for troop protection, including construction equipment, equipment for detonating land mines, camouflaging equipment, and many other tools. Many pieces of outdated and inefficient equipment and tools have been replaced by modern ones. There is a whole series of equipment for building pontoon bridges, and for planting or sweeping mines. The previous outmoded way of excavating trenches and building roads with shovels and picks has now been replaced by an entire series of machinery. In the past, dynamite was hand-delivered, and land mines were planted with shovels. Today, rockets are used, and land mines are placed efficiently by machines. For a long time small boats were relied upon to cross a river. Today, obstacles posed by the country's large and small rivers can be surmounted by the use of all types of pontoon bridges. Newly developed camouflaging apparatus have become the Engineering Corps' new equipment, and all of its units are receiving equipment for camouflaging operations. The quality of the newly developed camouflaging networks to be used on snow-covered terrains is among the best in the world.

#### GUANGMING RIBAO ON ROLE OF COUNTY-LEVEL REFORM

HK060333 Beijing GUANGMING RIBAO in Chinese 24 May 86 p 3

[Article by Li Qingzen: "The Status and Role of County-Level Reform"]

[Text] Reform at the county level is a process that links agricultural reform to industrial reform, links rural reform to urban reform, and links microeconomic reform to macroeconomic reform. In China's economic structural reform, the status and role of county-level reform is determined by the nature of the county economy and the objective needs of China's economic structural reform.

The county economy is a local economy formed naturally after long-term social and economic development. Its departments are rather comprehensive, including the rural economy, which forms the key element of the county economy. County authorities not only have to make decisions on agricultural production but must also plan in a centralized and all-round way the production and operation of industrial and commercial departments. The county economy is an integration between agriculture and industry. This characteristic determines that any partial reform of agriculture will inevitably involve reform of departments like industry, commerce, and finance at county level. The county economy not only includes rural economy, like household economy and township economy, but also the county and town economies like state-run industry and commerce. It is also an integration between the rural economy and the urban economy. This characteristic determines that the response of towns and county cities to rural changes is the quickest and their adaptability is the most powerful. The county economy is not only an integration of microeconomics, but also a basic unit of the state's macroeconomic control and readjustment. In most cases, one can find county sections and bureaus corresponding to the state's ministries and commissions. The characteristic that the county economy is an integration between microeconomy and macroeconomy determines China's reform of the macroeconomic structure. Only when we score successes in reforming the county economy system can we carry out the work on a full scale and can we achieve the best social benefits and economic results.

At present, China has conducted many experiments and much exploration regarding urban reform, and has scored remarkable successes and gained important experience. Nevertheless, we have only just started urban reform.



In order to successfully apply our basic experience gained in the rural reform to the work of urban reform, and to turn rural reform into a powerful driving force for an overall economic structural reform, we must push the rural reform to a higher economic level. Such a level must be marked by three basic conditions: The first is comprehensiveness. Rather than just involving a certain enterprise or department, it should be an integration of various enterprises and departments. Only thus can it become comprehensive and systematic in terms of the overall economic structural reform, and become worthy of having lessons drawn for it. The second is relative independence. It differs from the major focal points of the national economy -- that is, large and medium-sized cities. This is because the large and medium-sized cities open their doors too wide, though they are the integration of enterprises and departments. Once mistakes are made, they will bring great shocks to the national economy as a whole. The third is widespread distribution. In the vast territory of China, there are great differences in economic development among various regions. But our basic measures of economic reform must conform to this immense variety of conditions. The county economic departments are rather complete, and form a subordinate system of the national economy, which is the larger system. Compared to the economics of large and medium-sized cities, the county-level economy is a rather closed and independent one. As there are over 2,000 counties across China, their distribution is scattered. Therefore, the county-level economy can meet the above basic conditions.

The county economy itself includes four minor levels: household economy, cooperative economy, township economy, and town economy. Reform at county level mainly involves these four areas. Proceeding from the present work, the focal point of county-level structural reform is: We should perfect the contracted responsibility system with payment linked to output and establish regional cooperative economic service organizations. We should reform township enterprises and establish a financial system at the county level. We should reform the supply and marketing cooperatives, as well as the credit cooperatives. We should reform the state-run industrial and commercial enterprises. We should reform the county financial system. We should reform the county organizations. We should reform the cadre, personnel, and laboring systems. Hence, we can see that county-level reform involves not only agricultural reform but also industrial and commercial reforms. Not only does it include rural reform but also urban reform. Not only does it involve microeconomic reform but also macroeconomic reform. In other words, the county-level reform plays an important part in China's economic structural reform as a whole. Therefore, only when we do well in the county-level structural reform can we provide a base for our urban reform. This is an urgent task we are facing in our present structural reform.

#### STATE PLANNING COMMISSION FIGHTS RED TAPE

OW051435 Beijing XINHUA in English 1341 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Since the bureaucratic work style of China's State Planning Commission was exposed by the PEOPLE'S DAILY last month, that unit has been working hard to change its image by raising efficiency.

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The staff of the commission, as well as its leading body, were shocked by a letter from six party members belonging to the unit, which appeared in the party paper, and were stimulated to uproot the red-tape problems, the commission authorities told XINHUA today.

The commission, responsible for examining and approving construction projects, has organized its staff to handle the documents and the proposals which are seriously in arrears.

May 28, when the letter was published, the Business Bureau of the commission received an urgent proposal which needed the signatures of five departments. Such documents used to take at least two weeks before being approved, but this time it only took half a day.

On May 31, when the investment bureau got an application for electricity subsidy for a region, they changed the usual way of passing it around, and decided on the matter the same day.

In the meantime, the authorities said, they are working on drafting a new set of rules and regulations, the ultimate solution to keeping the bureaucratic work style under control.

The drive to improve the party work style was started earlier this year by the Secretariat of the Central Committee of the Chinese Communist Party when General Secretary Hu Yaobang called on central party and government organs to set an example for all units to follow in improving work efficiency.

#### ARTICLES URGE SUPPORT FOR REFORMERS WORK

OW051433 Beijing XINHUA in English 1337 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- After interviewing more than 100 enterprise leaders who are engaged in reforms, a Chinese economist has concluded that what they need most now is political backing.

Feng Yuzhong, also president of northeast China's Liaoning University, was quoted by today's GUANGMING DAILY as saying that many reformers felt vulnerable to attacks from orthodox forces because they are often not supported by their leaders when they are in trouble.

For example, managers who are able to save enterprises which face bankruptcy are often afraid to act when their fellow workers refuse to cooperate. Many other managers are afraid to take the monetary rewards which they deserve.

Today's ECONOMIC DAILY also carried an article on its front page encouraging the reformers.

"The elimination of the old structure and the building of the new can be gradual," the paper said, quoting Premier Zhao Ziyang in his report to the Fourth Session of the Sixth National People's Congress March 25. "Reform is a complicated and protracted process in which troubles are bound to occur at all times," the paper said. The reformers should be brave enough to stand the upsets and be always ready to draw lessons from mistakes, the paper said.

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On the other hand, understanding and protection from the superior departments are also crucial for the enterprise reforms.

Reformers should be allowed to make mistakes and other people should not be too quick to blame them, the paper said.

#### OVERSEAS LABOR SERVICES CORPORATION SET UP

OW051251 Beijing XINHUA in English 1224 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- China's first national corporation to organize Chinese labor services abroad -- especially those involving technicians and engineers -- has been set up in Beijing.

The new organization, called the China Hualong International Co-operation and Service Corporation, will supervise the hiring out of workers involved in such services as heavy industry, communications, construction, agriculture, animal husbandry, science, technology, culture, education, commerce, service trades, banking and insurance.

It also plans to launch Sino-foreign joint ventures, a corporation official said today.

The new corporation will ensure that contracts are met, quality is provided and that Chinese workers observe the laws and respect the customs of the countries they are providing services for, said the official.

China has already established more than 60 specialized companies providing labor services for foreign countries. By the end of last year, more than 17,000 Chinese workers had been sent abroad on contracted engineering and labor projects.

#### JAN-APR INDUSTRIAL OUTPUT UP 4.2 PERCENT OVER 1985

HK060313 Beijing CHINA DAILY in English 6 Jun 86 p 1

[By staff reporter Chen Zhisong]

[Text] China's industrial output grew by 4.2 percent in the first four months of this year over the same period last year, but the low quality and high cost of goods are still major problems hindering industry's economic efficiency, Yuan Baohua, vice-minister of the State Economic Commission, told a national conference in Beijing.

During the four months, the country's total industrial output was 272.7 billion yuan. Its light and heavy industries increased by 4.7 per cent and 3.8 percent respectively, maintaining a balanced development, Yuan said.

Commodity wholesale volume during the period reached 156.35 billion yuan, a 3 percent growth over the same period last year, adjusted to include the price factor.

Export volume was \$8.02 billion, a 13.7 percent increase, while the import volume reached \$8.86 billion, a 3.49 percent rise.

About 28 percent of the year's anticipated national income was earned during the period.



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But problems still exist in the industrial field, mainly due to poor economic efficiency and unreasonable product structure. Industry's profits dropped, while costs rose and quality fell.

Industries are being urged to concentrate their efforts on raising economic efficiency and improving product quality.

One important measure to achieve the aim is to fully adopt international and foreign advanced standards in industrial production, according to a message from Vice Premier Li Peng to the national conference on standardization work which ended yesterday in Beijing.

During the conference, measures were mapped out to bring 40 percent of the country's industrial goods up to the international levels of the late 1970s and early 1980s in terms of performance and quality by the year 1990. They will include:

Spending 100 million yuan in five years on making sure goods are up to standard. The foreign exchange needed for this work will be provided by the State Economic Commission.

Granting attribution fees and awards to those who fix and maintain high standards. Setting higher prices for high-quality products. Income from the rise in prices will be spent on technical renovation and better welfare facilities.

Levying heavy taxes on poor quality products. The State Economic Commission is to make an annual list of those poor quality products which are subject to taxation.

#### INDUSTRIAL DESIGNERS TO BOOST FOREIGN COOPERATION

OW052207 Beijing XINHUA in English 1425 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- Chinese industrial designers will step up co-operation with their counterparts overseas to raise the country's design standards, a government official said here today.

Since the late 1970s, 150 large industrial development schemes have been designed jointly by Chinese and foreign engineers and architects.

These have included the Zhenhai petrochemical plant in Zhejiang Province, the Xinglongzhuan coal-washing plant in Yanzhou, Shandong Province, and the Huolinhe coal mine in Inner Mongolia Autonomous Region, one of China's largest opencast mines.

The official said Sino-Foreign co-operative design had broadened the outlook of Chinese architects and improved engineering design and construction.

The Zhenhai petrochemical plant, which has a daily production capacity of 1,740 tons of urea, was designed jointly by Chinese and foreign experts. It was 25 percent cheaper to build and saved 70 percent of foreign exchange than if a complete working range of foreign equipment had been imported for it.

CHEN PIXIAN ADDRESSES POLICE MEETING IN FUJIAN

OW241354 Beijing XINHUA Domestic Service in Chinese 0750 GMT 22 May 86

[By RENMIN RIBAO reporter Hu Hengquan and XINHUA reporter Cai Qinghe]

[Excerpts] Fuzhou, 22 May (XINHUA) -- The Chinese People's Armed Police Force held a meeting in Longyan City, Fujian on 21 May on exchanging experiences in police and civilians' joint building of lawful civilized cities. Chen Pixian, member of the CPC Central Committee Secretariat and NPC Standing Committee vice chairman, attended the meeting and extended greetings on behalf of the party Central Committee, the NPC Standing Committee, and the State Council.

Chen Pixian said: Police and civilians' joint building of lawful civilized cities is an appropriate way to intensify the building of spiritual civilization, a good method for popularizing legal knowledge, and an effective measure for achieving a fundamental improvement in general social conduct and security. The direction of activities on police and civilian joint building of lawful civilized cities is correct and in conformity with Comrade Deng Xiaoping's strategic idea of attending to economic development on the one hand and to economic legislation on the other. It is necessary to summarize and popularize such experiences.

Chen Pixian said: Armed Police units are a special force stationed in about 200 cities with a population of over 300,000, such as Longyan, to enforce and safeguard laws. If all Armed Police units take the initiative to launch activities on police and civilian joint building of lawful civilized cities, as the Longyan prefectural branch has done, and stress the improvement of legislative work and bring into full play their advisory, exemplary, and leading role in the activities, we will be able to speed up the realization of the central authorities' call to strive for a marked improvement in general social conduct and security, first of all, in cities with populations of over 300,000 throughout China. Likewise, if all cities in China, especially those with populations of over 300,000 such as Longyan City, rely heavily on the strength of Armed Police units and create the opportunity for them to play the leading role, we will undoubtedly be able to accelerate the process of building up the legal system in all cities, rural towns, and in the vast countryside. He called on local party committees, people's congresses, and governments at various levels to attach great importance to the Armed Police Force, show concern for its expansion, and make good use of its role in improving the legal system.

Chen Pixian said: Public security and judicial organs should launch activities on building lawful civilized cities together with local people, as the Armed Police units have done. They should adopt realistic measures in carrying out the activities suited to local conditions. So long as we can harness the enthusiasm of all quarters and take concerted action in our struggle in unity, we will certainly be able to speed up the popularization of legal knowledge, intensify building the socialist legal system, and ensure smooth progress in the economic structural reform and the socialist modernization drive.

Located in the border area of Fujian, Guangdong, and Shanxi Provinces, Longyan City with its population of 380,000 is the political, economic, and cultural center of western Fujian.

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In order to bring about a fundamental improvement in general social conduct and security, the Longyan Prefectural Armed Police branch and Longyan City have successfully launched the activities on police and civilians' joint building of lawful civilized cities by enforcing the law in the city and educating the people in morality since last July.

Commander Li Lianxiu and Deputy Political Commissar Zhang Haitain of the Armed Police force, as well as officials of Fujian provincial departments concerned, attended the meeting. Also attending the meeting were comrades in charge of political and mass work of all armed police units and military academies.

Jian Guizhang, secretary of the Longyan City Party Committee, and Lai Xinan, political commissar of the Longyan Prefectural Armed Police branch, introduced experiences in police and civilians' joint building of lawful civilized cities at the meeting.

#### HU QIAOMU, CHEN PIXIAN AT ART PERFORMANCE

OW312308 Beijing XINHUA Domestic Service in Chinese 1559 GMT 30 May 86

[By reporter Zhao Lanying]

[Excerpts] Shanghai, 30 May (XINHUA) -- "My Chinese Heart," a song performed in sign language by the blind, deaf, and mute, received first prize in the performance of a new creation, at the closing ceremony of the 12th "Spring of Shanghai" today.

Hu Qiaomu, member of the Political Bureau of the CPC Central Committee; Chen Pixian, member of its Secretariat; Wu Bangguo, deputy secretary of the Shanghai Municipal CPC Committee; and Xia Lijuan, vice mayor of Shanghai, attended the closing ceremony.

#### LI PENG AT MACHINE-BUILDING CONFERENCE

OW051045 Beijing XINHUA Domestic Service in Chinese 1435 GMT 4 Jun 86

[By RENMIN RIBAO reporter Wang Zheng and XINHUA reporter Li Anding]

[Text] Beijing, 4 Jun (XINHUA) -- Vice Premier Li Peng of the State Council pointed out today: After the Ministry of Machine-Building Industry has put all of its enterprises under lower-level administrative authorities, machine-building enterprises now under the jurisdiction of provinces, municipalities, and departments should also be put under lower-level administrative authorities in a planned way and step by step.

Li Peng said this at the national conference of machine-building industry. Li Peng said: The Ministry of Machine-Building Industry is among those departments that have been selected by the State Council to initially implement management reform. The machine-building industry has blazed a new trail in this respect and taken the lead in implementing reform. Why should the reform start with the machine-building industry? He pointed out: There are two main reasons. One is that the machine-building industry is an important department of the national economy. It is a department that supplies equipment for the national economy. And the progress of all economic departments in modernization is determined by the quality of machinery equipment supplied. The other is that in the machine-building industry there are most conspicuous contradictions in management as well as most serious barriers among departments and among regions.



Each department and region has its own machine-building enterprises, and most of them, whether large or small, are "all-inclusive" enterprises. This state of affairs makes for enormous waste, low efficiency, and little progress and no longer meets the needs of modernization.

Li Peng held that the key to reform in the management of machinery enterprises is to put these enterprises under the administration of major cities. He said: This should not simply be a change of administrative level. The major cities should provide more coordination and services to promote lateral cooperation among enterprises. They should not impose mandatory planning on them and not force them to raise their output value; nor should they overly interfere in the internal affairs of the enterprises; otherwise, putting these enterprises under the administration of lower levels would be meaningless. As far as the Ministry of Machine-Building Industry is concerned, by releasing control over the enterprises to lower levels it rids itself of a big work load, enabling it to fully exercise its functions and improve management in the entire trade. He said: It is not an easy job to enhance management in this business. It takes great efforts to boldly explore new ways to advance reform and create new experience in business management.

Talking about how to further carry out management reform in the machine-building industry, Li Peng stressed three areas: First, the promotion of lateral cooperation among enterprises. This is part of management reform. Putting enterprises under the administration of lower levels creates favorable conditions for the development of lateral associations. However, it will definitely meet with quite a few difficulties in terms of capital, materials and equipment, circulation and others, as it is entirely something new besides that our reform measures are still not complete or systematized. Therefore, we must adopt a supportive attitude and discover the law governing lateral associations so as to make it develop healthily. Second is paying attention to bringing the role of military industry enterprises into play. It is necessary to make use of the advantage of military industry of having better technology and equipment to create new advantages through the cooperation between military and civilian enterprises. And third is adopting the public bidding method in the purchase of machinery products from now on. This is a major reform. The manufacture of large-scale equipment and product by enterprises should not be assigned solely by leading organs. It is essential to break down the barriers among departments and among regions and to promote competition among enterprises.

#### LI PENG OPENS EXHIBITION ON COMPUTER DEVELOPMENT

OW051050 Beijing XINHUA in English 1042 GMT 5 Jun 86

[Text] Beijing, June 5 (XINHUA) -- China opened an exhibition on computer development and application here today to show its resolution to bring the state into the electronic age.

Vice-Premier Li Peng cut the ribbon at an opening ceremony for the exhibition and reviewed the achievements made in developing and applying computers. On display are 1,500 research achievements selected from 19 sectors, including transport, energy, machine building, electronics, telecommunications, finance, trade, national defence, public security, agriculture and public health. China now has more than 7,000 computers and 130,000 microcomputers, as against 2,900 and 600, respectively in 1980. At the 26-day exhibition, the organizers will organize an technical exchange market and give technical lectures.

LI PENG PLANTS 'PEACE TREES' IN BEIJING 5 JUNE

OW051501 Beijing XINHUA in English 1429 GMT 5 Jun 86

["'Peace Trees' Planted in Beijing" -- XINHUA headline]

[Text] Beijing, June 5 (XINHUA) -- Vice-Premier Li Peng and other senior Chinese officials planted trees at Beijing's National Children's Center today to represent the growth of peace and environmental protection in the world.

This was one of the events held in the Chinese capital today to mark world environmental day. A university students' seminar and an evening performance by leading dramatic players and singers were also held.

Fourteen years ago today, the first international meeting on global environmental protection was held in Stockholm. More than 1,300 representatives from 113 countries attended. The 27th United Nations General Assembly held that year approved a proposal that the opening day of the meeting should be remembered as "World Environmental Day."

This year's theme is "Environment and Peace", and Li Peng said after the tree-planting: "This will show the desire of the Chinese people and government for environmental protection and the safeguarding of world peace."

Meanwhile, a seminar on the theme was held by students from Beijing University, and a performance to mark the day was staged in the capital tonight.

TIAN JIYUN STRESSES YANAN SPIRIT IN SHAANXI

HK290151 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 28 May 86

[Text] Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, stressed during a recent inspection of Shaanxi Province that in the new historical period, it is necessary to continue to display the Yanan spirit, vigorously develop commodity economy, and be bold in exploring ways to get rich.

Tian Jiyun arrived in Yanan, Shaanxi, on 22 May. He inspected the city for 3 days. He visited [words indistinct] and invited grass-roots rural cadres and masses to hold discussions.

While listening to reports delivered by responsible comrades of Yanan, Yulin, and Shangluo Prefectures, he gave important views centered on vigorously developing commodity economy and boldly exploring ways to get rich. After fully affirming the excellent situation in the province, and especially in Yanan, Yulin, and Shangluo prefectures, He said: So long as you unswervingly implement the party's policies and principles, persevere in the guideline of planting grass and trees, developing animal husbandry [words indistinct], and eliminating poverty and getting rich, and work hard in everything, still more gratifying changes will occur in all aspects.

Tian Jiyun specifically analyzed the current economic situation on the loess plateau in northern Shaanxi and in the mountain areas of Shangluo Prefecture and the favorable conditions and unfavorable factors for economic development there.

He then proposed to the leading party and government comrades of these areas a number of specific demands for basing their work on reality and local conditions, taking advantage of strong points and avoiding weak ones, vigorously developing commodity economy, and boldly exploring ways of getting rich:

1. Continue to display the Yanan spirit of waging arduous struggle, relying on one's own efforts, fearing no difficulties, and being bold to destroy the old world and build a new one. We must continue to regard the Yanan spirit as our spiritual pillar in guiding us to persevere in reform, transform the mountains and rivers, eliminate poverty and get rich, and accomplish the four modernizations.

2. We must eliminate traditional, conservative small peasant economy mentality, and gradually establish the commodity economy concept and the concepts of operations and economic results.

3. We must take effective measures, based on urgent local needs, to train and bring in talented people in a variety of ways. On the basis of doing a good job in agricultural production, we must actively establish township enterprises, first organizing a processing setup for agricultural and sideline products. We must also invigorate commodity circulation and develop lateral ties.

4. It is essential to have an organizational guarantee. We must continue to strengthen the building of the leadership groups, improve the quality of the cadre force, and promote and employ a new generation.

From 26 to 28 May, Tian Jiyun carried out inspections in Xian. He inspected construction projects around the city and viewed agricultural trading markets, the agricultural and sideline products wholesale market, the industrial goods wholesale market, and department stores. Chatting with the peasants, hawkers, shop assistants, and market management staff, he repeatedly stressed the importance of hygiene in handling all commodities, to avoid harming the health of customers. He expressed the hope that the wholesale markets would be run still better. He also demanded that the commerce departments currently pay special attention to two matters: 1) Take measures to encourage and support business in small commodities and sundries; 2) care for the workers' daily life, perfect the job responsibility system, and improve the service attitude.

Vice Governor Xu Shanlin accompanied Tian Jiyun during his Yanan inspection. Governor Li Qingwei and Dong Jichang, deputy secretary of the provincial CPC Committee and secretary of the Xian City CPC Committee, accompanied him during his Xian inspection.

#### HAO JIANXIU ADDRESSES PUBLISHING HOUSE FORUM

OW300645 Beijing XINHUA Domestic Service in Chinese 1616 GMT 29 May 86

[By reporters Zhu Shuxin and Li Zhongcheng]

[Excerpts] Beijing, 29 May (XINHUA) -- Addressing a China Children Publishing House forum today to mark the "1 June" International Children's Day and the 30th founding anniversary of this publishing house, Hao Jianxiu member of the Secretariat of the CPC Central Committee, said: "Let us join hands to undertake the task of cultivating the new generation and strive to create a new situation for our children's education and the related publishing work with a view to rejuvenating China and raising the quality of our whole nation."



Hao Jianxiu said: It is a matter of great importance to celebrate the 30th founding anniversary of the China Children Publishing House at a time that we greet the "1 June" International Children's Day. During the last 30 years since its founding, the China Children Publishing House has turned out quite a number of good books for children. It has done a great deal of work for the cultivation and education of children and has scored gratifying achievements in this regard.

She went on to say: Publication of reading materials for children is a very important task. If we compare the work of children's education to a big systems engineering project, the work of publication will be an indispensable, vital part of this project. Many of our veteran revolutionaries, parents, schools teachers, and all comrades who are concerned about the healthy growth of our children have expressed the ardent hope that in accordance with the requirement of imbuing children with high ideals, morality, general knowledge, and sense of discipline, publishing houses will turn out more good books with rich, varied, and lively contents and that are suitable for children so as to ward off the influence of unhealthy reading materials, give our next generation a greater immunity to bad things, and enable it to mature healthily. History has placed this glorious task on our comrades' shoulders.

She said: On the work front of publication of children's reading materials, many comrades have appeared who seek neither fame nor personal gain, but have persisted in working diligently and earnestly for several decades without advertising themselves. They have devoted their efforts, heart and soul, to the cultivation of young seedlings of our motherland. Their lofty thinking and painstaking labor have won the respect of the overwhelming majority of people in society. We should emulate that they have done by keeping to their road unswervingly.

Jao Jianxiu stressed: In publishing children's reading materials, it is imperative to give first priority to improving quality. Children's reading materials must be carefully written and edited to suit the young readers' characteristics and needs. Carelessness and perfunctoriness in writing and editing children's reading materials are absolutely not allowed. If we tried one-sidedly to turn out more books in the hope of greater economic results but disregard their quality, we would be irresponsible to our next generation. To do so would be a crime, if we take the matter seriously.

She added: Children's education is very extensive work. It is not enough to rely merely on educational and publishing departments, CYL organizations, and women's federations to do this work. What is required is the joint effort of all related functional departments and all of society. Our party and government organs, PLA units, people's organizations, enterprises, and institutions should give full play to their specific functions and render substantive assistance from various angles to help children mature healthily. They should give a green light to everything conducive to the healthy growth of children and provide favorable conditions for doing such things if at all possible.

Among those attending today's forum were Zhu Xuefan and Yan Jici, vice chairman of the NPC Standing Committee; Qian Changzhao vice chairman of the CPPCC National Committee; and Song Defu, first secretary of the Secretariat of the CYL Central Committee [title as received].

At the forum, speeches full of ardent hopes were delivered by Yan Jici, Yang Haibo, Hu Keshi, Feng Jun, Hu Dehua, Xu Weicheng, Li Geng, Chen Hanbo, Yan Wenjing, Tang Tao, and Chen Mo. They affirmed the achievements made by the China Children Publishing House over the last 30 years and placed ardent hopes on this unit.

Guo Jing, a young pioneer from Dingxiang Primary School in the Dongcheng District of Beijing, also spoke at the forum.

Others attending today's forum included Wang Zhaohua, Li Yan, Lu Jindong, Li Qitao, Bian Chunguang, Liu Yandong, Li Yuanchao, Jin Jin, Wang Chichang, Ye Zhishan, and Yan Sheng. The forum was presided over by Wang Jinghuan, deputy director of the China Children Publishing House.

Public figures from the publishing, education, literary, and art circles and children's representatives in the capital, totaling some 200, attended today's forum.

Prior to the forum, central leaders and other participants visited an exhibition held by the China Children Publishing House showing selected good reading materials for children published in the past 30 years.

#### OFFICIALS ATTEND YOUNG PIANISTS' AWARD CEREMONY

OW301916 Beijing XINHUA in English 1741 GMT 30 May 86

[Text] Beijing, May 30 (XINHUA) -- A five-year-old Guangdong girl named Liang Jingjing and Liu Jie, an eight-year-old girl from Hunan presented the famous "Hungary Dance Music" and episodes from the opera "White-Haired Girl" respectively in the Great Hall of the People here today to the applause of the audiences.

This is part of the performance given by the winners of the first national children's electronic piano competition held by Soong Ching Ling Foundation a few days ago. It was preceded by the awarding ceremony held by the foundation in the Great Hall of the People today.

Sha Hong, vice-chairman of the foundation, said at the ceremony that the competition was intended to help promote children's early interest in music and moral development.

He noted that the competition is themed on world peace, which is what Madame Soong Ching Ling, the late honorary chairman of China, had been sought for during her lifetime and is also one of the aims of the foundation.

As one of China's activities for the international peace year, the competition is also to help the Chinese children to foster the concept for world peace.

The 104 young players from 28 provinces, municipalities and autonomous regions, ranging from 4 to 12 years in age, took part in the competition.

The competition has shown the talent and potential of the Chinese children and would arouse their enthusiasm for the study of music, Sha Hong said.

The party and state leaders Hao Jianxiu, Yan Jici, Liao Hansheng, and the foundation's chairman Kang Keqing attended the awarding ceremony.

ANHUI PROVINCE INTRODUCES TOWN, VILLAGE PLANNING

OWO60445 Beijing XINHUA in English 0137 GMT 6 Jun 86

[Text] Hefei, June 6 (XINHUA) -- A system of town and village planning has been introduced in Anhui Province to protect valuable farmland which has been vanishing under runaway housing development. Under a provincial blueprint, planners estimate they can save 18,000 hectares of farmland by the year 2000 by encouraging the building of more compact villages and towns. At present, there is only one hectare of farmland for every 12.5 Anhui residents.

As the rural economy has grown and peasants' incomes have soared, many families have built bigger homes on valuable arable land. Up to half a million families a year have been moving into new homes over the past three years, and planners feared that without proper controls, farmland could shrink to less than one hectare for every 15 inhabitants by the turn of the century.

The new regulations, drawn up over the past few years, are aimed at achieving a more rational layout of villages and towns by reducing spaces between houses and improving housing design, said an official of Anhui's urban and rural environmental protection department. Peasants must now acquire two planning documents, which regulate the area, height and design of housing, before they can build new homes.

The planning reforms have so far been introduced to 3,000 towns and 31,000 villages -- a big majority of the total, said the official. Local authorities have also designed towns and villages tailor-made for the pursuit of specialized lines of business, such as garment-manufacturing and cash-crop cultivation.

XINHUA RIBAO Urges Supporting Key State Projects

OWO40607 Nanjing XINHUA RIBAO in Chinese 21 May 86 p 1

[XINHUA RIBAO commentator's article: "Adopt an Overall Point of View, Ensure the Completion of Key Construction Projects"]

[Excerpts] Over the past few years, our province has done a lot in supporting key state construction projects. In particular, after carrying out a series of reforms, our province has attained some good results and made significant contributions. However, not everyone understands the significance of supporting key construction projects. There are actual problems in providing logistics support to key construction projects such as land requisition and equipment supply. From now on, we must continue to raise our awareness and work hard to make improvements.

Some comrades, particularly in individual localities, have placed key state construction projects against local construction projects, regarding support for key state construction projects as an "extra burden for them". This is an important reason why the work of supporting key state construction projects has not been carried out well.

The state has assigned 13 key construction projects to our province that must be completed and put into operation during the "Seventh 5-Year Plan." Total investment in these 13 projects will reach 14 billion yuan. All these projects are important to the development of the national economy; they are projects aimed at developing energy resources, raw and semifinished materials and transportation and communication.



They have great significance in promoting the national economy. Let us take the example of the Yangzi Ethylene Plant and the Yizheng Chemical Fiber Plant. After these two plants are completed, the output value of their products will be worth more than 12 billion yuan and their profits and tax payments may reach 3.8 billion yuan. The profits and tax payments of the Yangzi Ethylene Plant alone may reach more than 6 million yuan a day. At the same time, both ethylene and chemical fibers are important industrial materials. They have many uses.

Therefore, to do a good job in providing logistics support to these two construction projects and shortening their construction period has great economic and political significance. Various localities must regard their support to key state construction projects as a glorious political task instead of as a burden. Their support will affect the future of socialist modernization. It conforms to the basic interests of all the people throughout the country.

There is another viewpoint. Some people think that after key construction projects are completed, "profits will be delivered to the state, and products will be taken away; not much is left to the local people." Therefore, they show little enthusiasm in supporting key state construction projects. This viewpoint is shortsighted.

After the 13 key state construction projects are completed in Jiangsu, they will be worth 10 billion yuan in fixed assets. Jiangsu's coal production capacity will increase by 3.3 million tons; power generation by 2.1 million kilowatts; cargo handling at major ports by 18.6 million tons; chemical fiber production by 493,000 tons; ethylene production by 300,000 tons; soda ash production by 600,000 tons; and north-south coal shipping through the Beijing-Hangzhou Canal by 10 million tons. In short, various localities will reap tremendous benefits by supporting the state in developing key construction projects. Such support will have great significance in promoting Jiangsu's economy.

The provincial and city organs should realize the importance of vigorously supporting the key construction projects and setting a good example in this respect. Various departments must go to various construction sites and try their best to help solve construction problems and do a still better job in supporting key construction projects in the province.

#### SHEN DAREN ADDRESSES JIANGSU CPC COMMITTEE MEETING

OW050157 Nanjing Jiangsu Provincial Service in Mandarin 2200 GMT 2 Jun 86

[Text] The Jiangsu Provincial CPC Committee yesterday afternoon called a meeting of department, commission, office, and bureau cadres who are also party members. The meeting made arrangements for the rectification of party style and the improvement of office work style this year.

At this meeting, Comrade Xing Bai relayed the guidelines of two recent party rectification forums sponsored by the Central Commission for Guiding Party Rectification.

In his speech at the meeting, Comrade Shen Daren said: We have made a good start and certain achievements in rectifying party style and office work style in provincial-level organizations. The six unhealthy tendencies pointed out in Document No 57, issued by the General Office of the Central CPC Committee, have been basically checked, and some problems have been corrected. A number of major or serious cases have been investigated and handled.

A system of responsibility for the rectification of party style has been instituted in most units, which now grasp their professional work and the rectification of party style simultaneously. Through education in party style, spirit, and discipline, most party members have further fostered the sense of serving the people wholeheartedly, and have improved their work style and efficiency.

He pointed out: There are still problems in the rectification of party style in provincial-level organizations; a small number of units and individuals have made new mistakes while correcting old ones. Some units have not really attached great importance to examining and overcoming ideological individualism, political liberalism and bureaucracy in work.

Comrade Shen Daren set the following four requirements for the next-stage rectification of party style and office work style in provincial-level organizations:

1. It is necessary to enhance our understanding, unify our thinking, and examine and sum up the situation in the rectification of party style and office work style in our own units, and to effectively solve problems in these respects.
2. Conscientious efforts should be made to continue the investigation and handling of major or serious cases. Cases involving leading cadres should be thoroughly investigated and seriously dealt with. Attention should be paid to summing up and commending typical cases in which people have had the courage to combat serious unhealthy tendencies and check unhealthy ones.
3. Vigorous efforts should be made to correct unhealthy tendencies in trades and professions. Responsible comrades of various units should go to basic units to listen to the opinions of the masses there, and should also thoroughly study and investigate the manifestations and malpractices of seeking personal gain through trade or profession, and to adopt measures to rectify such unhealthy tendencies. To make the key points stand out, it is first necessary to check unhealthy tendencies among leading cadres in various trades and professions.
4. It is necessary to uphold party spirit and principles in rectifying office work style and strengthening discipline. This is an important task to be carried out in all provincial-level organizations this year. In rectifying office work style and strengthening discipline, party organizations in various units should do a good job in educating party members in party spirit and principles. The stress on rectifying office work style and strengthening discipline should be put on leading bodies of various departments, commissions, offices, bureaus and leading cadres who are also party members at or above the departmental level. This work should be started from the leading bodies and cadres.

At the meeting, comrades of the provincial commodities inspection bureau and the provincial department of state security made reports on the recent rectification of party style in their units.

#### SHANDONG HOLDS CONFERENCE ON RURAL PARTY RECTIFICATION

SK040515 Jinan Shandong Provincial Service in Mandarin 2200 GMT 2 Jun 86

[Text] At a conference on party rectification work attended by secretaries of city and prefectural CPC committees throughout the province, which concluded on 2 June, Lu Maozeng, deputy secretary of the provincial CPC Committee, called for efforts to comprehensively fulfill the tasks for the party rectification at the town and township level from the beginning to the end, make good preparations for the party rectification at the village level, and further consolidate and develop the party rectification achievements.

Comrade Lu Maozeng said: Our province's party rectification at the town and township level was started in January this year, and was basically completed at the end of May. Reviewing the party rectification, we can say that the rural party rectification throughout the province had a good beginning, and developed soundly, and its results are fairly remarkable. However, we should remain clear-headed to note that the development in party rectification at the town and township level has been very uneven, and many problems still remain to be solved. In order to fulfill the tasks for the party rectification at the town and township level comprehensively and successfully, from the beginning through to the end, and set a good example for the party rectification at the village level to be started in an all-round manner next winter, we should continue to grasp the four aspects of work at present.

First, we should conscientiously do a good job in summing up, checking, and approving the work. In particular, with regard to the units which have done a poor job in solving problems, we should find out the specific reasons, give specific guidance, and conscientiously carry out remedial measures to make up for whatever they lack. Units which fail to reach the party rectification standards should not declare the party rectification completed. All county, city, and district CPC committees should conduct strict checks.

Second, we should increase the work concerning organizational measures. At present when adopting organizational measures, we should conscientiously guard against and overcome the tendency of over-leniency, resolutely eliminate the interference of factionalism and the practice of interceding for others, decide the nature of problems and solve them in a serious manner, and persistently run the party strictly.

Third, we should continue to implement the measures for rectification and correction, and win the trust of the masses with the concrete deeds of thorough party rectification and correction of mistakes.

Fourth, we should study and clarify the policy bounds with regard to the party rectification of township enterprises, and further stimulate their sound development in production and reform.

Comrade Lu Maozeng called for conscientious and good preparations for party rectification at the village level. He said: Party rectification at the village level will be started in all-round manner next winter. This is a very arduous task. The key to whether we will succeed in party rectification at the village level lies in whether we have made conscientious preparations.

He urged that before village-level party rectification, it is necessary to lay stress on six aspects of work.

First, we should thoroughly investigate and ascertain the situation of village-level party organizations and party members, and successfully sum up the village-level party rectification at pilot units.

Second, we should readjust and replenish the leading bodies of the party branches which have difficulty in leading the rural party rectification. We should increase readjustment of the party branch leaders who have serious problems, and the leading bodies which are not sound, and even experiencing stagnation of partial stagnation in their work.



Third, we should consolidate and improve the rural financial system. Before the village-level party rectification, all localities should extensively straighten out their rural finances. They should implement party policies strictly, emphasize education and self-inspection, and refrain from letting everybody pass the checks. They should particularly check and straighten out the financial accounts after the enforcement of the responsibility system, and the serious problems of power abuse for selfish economic benefit committed by party members and cadres.

Fourth, we should do a good job in transferring and training the backbone personnel participating in the village-level party rectification.

Fifth, we should define the plans for the village-level party rectification, and compile the teaching materials for the education of party members.

Sixth, we should continue to penetratingly study the policy bounds that should be clarified when carrying out the rural party rectification. We should particularly pay attention to three aspects. The first is that we should adhere to the principle of seeking truth from facts, and refrain from oversimplification and uniformity in doing work. The second is that we should always pay attention to protecting and boosting the enthusiasm for reform of grass-roots party members and cadres. The third is that we should be prudent in dealing with the issues on reform for which explorations are being made, and refrain from making conclusions hastily. With respect to the issues which we are not sure of, we should continue to explore and study them.

Comrade Lu Maozeng stressed the need to further consolidate and develop the party rectification achievements. He said: All units that have carried out party rectification, including the organs, enterprises, and establishment at and above the county level, schools, towns and townships, should further consolidate and develop the party rectification achievements. They should intensify the education on party spirit, continue straightening out the work styles of organs, step up the investigations and handling of major and serious cases, further improve the work styles of various trades, perfect various rules and regulations, in particular the systems concerning inner-party life, strengthen theoretical study, and guarantee the consolidation and development of the party rectification achievements.

The conference opened on 30 May in Jinan. During the conference, Yang Xingfu, Standing Committee member of the provincial CPC Committee, relayed the guidelines of the recent forum on party rectification sponsored by the Central Party Rectification Guidance Committee and attended by the CPC Committee secretaries of the 11 provinces and municipalities in north China, and Comrade Bo Yibo's important speech.

#### PLA LEADERS ATTEND ZHEJIANG FILE MANAGEMENT MEETING

OW021427 Hangzhou ZHEJIANG RIBAO in Chinese 26 May 86 p 1

[Text] The Nanjing Military Region held a file management meeting at the Zhejiang Military District from 19 to 24 May. Fu Kuqing, political commissar of the Nanjing Military Region, addressed the meeting. Other speakers included Li Qing, commander of the Zhejiang Military District; Liu Xinzeng, political commissar of the Zhejiang Military District; and Wang Wenhui, deputy commander of the military district. The meeting thoroughly studied the issue of accumulating data on files to serve national defense and economic development. It also formulated a plan for improving file management during the Seventh 5-Year Plan. The primary objective of the plan is to build a comprehensive, rational, and scientific system of archives that can effectively serve Army and militia building and economic development. The meeting affirmed the experience of the Zhejiang Military District in practicing a unified management of document files, scientific and technological data, and special files.

GUANGDONG ECONOMISTS MARK 'DOUBLE HUNDRED' ANNIVERSARY

HK060147 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 5 Jun 86

[Text] According to NANFANG RIBAO, the provincial economics association held a forum yesterday to mark the 30th anniversary of the double hundred policy. The central topic of the forum was the creation of an excellent atmosphere of relaxation, concord, and harmony so as to promote prosperity in the social sciences.

The participating experts and scholars held that implementing the policy of letting a hundred flowers blossom and a hundred schools of thought contend is the fundamental condition for the prosperity of socialist literature and art and also for the prosperity of the social sciences and the development of Marxism. At present, theoretical research still lags behind the pace of reform and opening up. Many problems arising in reform and many experiences created by the masses urgently await scientific explanations. To advocate the spirit of bold exploration to promote the reforms, it is essential to have an excellent environment of relaxation, concord, and harmony. Only thus can people's ideological misgivings be dispelled and their boldness in contention be enhanced.

The participating experts and scholars also put forward many suggestions on how to create an excellent environment of relaxation.

GUANGDONG MEETING STRESSES IMPROVING PARTY STYLE

HK060253 Guangzhou Guangdong Provincial Service in Mandarin 0900 GMT 5 Jun 86

[Excerpts] The provincial CPC Committee held a gathering of the provincial organs this morning to further straighten out party style, implement in depth the CPC Central Committee's instructions on straightening out party style, tidy up discipline, and carry out in depth the work of straightening out party style in the provincial organs. Ye Xuanping, deputy secretary of the provincial CPC Committee and governor, presided. Two typical items of materials on party style problems were read out.

Provincial CPC Committee Secretary Lin Ruo made a speech. He said: The provincial organs have done a lot of work this year in straightening out party style, setting a very good example for the province. This fully shows that the healthy forces always predominate among our party member and cadres. We will certainly be able to solve a number of current problems in party style.

Comrade Lin Ruo gave a number of views on carrying out in greater depth the work of straightening out party style in the provincial organs: 1) Seriously study the central instructions on straightening out party style and enhance awareness of improving party style. 2) Further expose and correct unhealthy trends and get a good grasp of investigating and handling major and important cases. 3) Do a good job in tidying up discipline. 4) Stress the policies and be sure to protect the great majority of the cadres and people's enthusiasm for reform.

GUANGDONG: TONGZA SATELLITE TELEVISION RECEPTION

HK040831 Guangzhou Guangdong Provincial Service in Mandarin 0300 GMT 3 Jun 86

[Text] According to a report of the Hainan People's Radio Station, the Tongze ground satellite television reception station was made available to users on 25 May.

Television viewers of all nationalities in the Tongza area can now directly receive the programs of the Central Television Station that very day. In the past, the Tongze area could receive the news hookup of the Central Television Station every third day.

In March last year, the Hainan Li-Miao Autonomous Prefectural People's Government appropriated 160,000 yuan for preparations for building a ground satellite television reception station. Three research institutes under the Ministry of Electronics Industry sent engineers and technicians to assist with construction. It took only 2 months or so to complete construction. The reception of television programs by this reception station is good and pictures and sound are clear.

HENAN RADIO REPORTS LETTER ON WOES OF REFORMER

HK050337 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 4 Jun 86

[Text] Excerpts of a letter from Kaifeng Electric Motor Plant Manager (Zheng Zhiyong) to Henan Governor He Zhukang are published in the 3 June JINGJI RIBAO under the heading "Why Are Reformers Forbidden To Make Mistakes?"

The letter reads: Governor He Zhukang: Are reformers allowed to make mistakes? Some people allow it, others do not. Some people do not even allow reformers to correct mistakes. Why is this?

We took a big stride forward in reform in November 1984, when we worked out a 3-year scheme for reform in the Kaifeng Electric Motor Plant. As a result of the practice of reform in 1985, our plant's economic and technical index performance in its trade rose from 32d place to 16th in the whole country. We far surpassed the goal for the first year set by our 3-year reform scheme. In particular, in economic results, the plant made a loss of 710,000 yuan in 1981 but recorded a profit of 650,000 yuan in 1984 and nearly 2 million yuan in 1985.

Opinion in society was divided after the plant launched its reforms. Some nodded assent, others shook their heads. One investigation and work group after another came into the plant. As a result of the reforms, the electric motor plant leapt into first place in comprehensive economic results in Kaifeng's heavy industry system in 1985. The city government issued certificates to the plant for economic results, technological transformation, and production safety. The city heavy industry bureau recommended me to the city authorities as a model worker. On 16 April, certain leaders negated the view of the heavy industry bureau, on the grounds that it was controversial. However, leaders of the city CPC Committee pointed out that there was no problem of principle and declared that grass-roots views should not be lightly negated. After that, I was investigated on 25 April. The investigation is now complete, and four controversial issues have been clarified. However, I still do not know if I can be given the model worker title.

We acknowledge that mistakes have been made in reform. Although we basically corrected these mistakes in the second half of 1985, some people still refused to let them go. I made a total of seven self-examinations on this question to leaders at various levels, to the workers' congress, and when conducting comparison and examination in the course of party rectification. These people still refused to let the matter rest. With grief and indignation, I said to the city CPC Committee leaders: Will it do if I make a self-examination in RENMIN RIBAO? Why am I not even allowed to correct mistakes? Now we cannot achieve anything we want, yet we cannot bear to give up. I appeal to the provincial leadership for support.



JINGJI RIBAO carries an editorial note on this letter. It says: (Zheng Zhiyong), manager of the Kaifeng Electric Motor Plant in Henan, wrote a letter to Governor He Zhukang on 5 May, raising the question of whether reformers are allowed to make mistakes. Governor He Zhukang made the following comment on the letter on 26 May: Take remedial measures as soon as possible to support the pilot project work in the plant manager responsibility system. We must look at the main current in the work of reformers, and analyze and help to solve problems that arise in reform. Even if reformers make mistakes, we should not make a big fuss. It is all right if the mistakes are corrected. It is even better if the reformers can correct the mistakes themselves. We must encourage the spirit of pioneering and innovation, and should not insist on perfection in the reformers. We must further emancipate our minds, devise more methods of getting things done, and seriously overcome the defect of lack of cleverness.

JINGJI RIBAO also frontpages a commentator's article entitled "We Should Not Demand Perfection in Reformers." It also prints an investigation report written by reporters of HENAN RIBAO, ZHONGGUO XINXI BAO [CHINA INFORMATION JOURNAL], and JHNGJI RIBAO.

#### Commentary Urges Support for Reformers

HK050339 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 4 Jun 86

[Station commentary: "Support and Protect Reformers"]

[Excerpts] The emergence of reformers is an important hallmark of the vigorous development of our cause. However, precisely when these reformers are boldly forging ahead in exploration and advance, unnecessary difficulties are created for them. Some people are accustomed to using a concave lens to view the achievements in reform and a magnifying glass to look at the mistakes, or else they demand perfection, saying that the reformers are wrong in this and no good at that; or else they spread slanders and deliberately throw dirty water at the reformers. In some places and departments, the reformers suffer a life of frustration amid difficult surroundings.

Kaifeng Electric Motor Plant Manager (Zheng Zhiyong's) letter to Governor He Zhukang precisely deals with this wretched situation of being unable to achieve anything but not bearing to give up. This is a problem currently meriting our attention.

Of course, like any new thing, reformers will have shortcomings and defects, and some will make mistakes of various kinds in the course of reform. However, the most valuable thing about the reformers is that they are engaged in innovation and practical work and are working creatively.

Why should such a big fuss be made over the mistakes of reformers in the great project of carrying out economic structural reform? It is worth noting what causes this social phenomenon. If nobody does any work, it seems that everyone can live in peace and everything is fine. But if somebody stands out from the rest and achieve successes, all kinds of reproaches and censures will be promptly raised. The reason for this is very simple: Trees laden with rich fruit are most prone to damage in rough weather. Reformers stand out from the rest, so they are sealed off and blown down. Moreover, reform will encroach on the vital interests of certain people; thus the reform becomes still more a target for attack.

The key here lies in the leaders at all levels taking a correct view of reformers. They should not be affected by bias or led astray by slanders and rumors. They must unswervingly support and protect the reformers with a firm and clear-cut stand. They must also be on sufficient alert against people who lack work ability but are skilled in framing others. They must certainly not allow those total incompetents to pose as hard-workers.

HENAN: ZHENGZHOU NOTES 'GREAT RESISTANCE TO REFORM'

HK060125 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 5 Jun 86

[Excerpt] The Zhengzhou City CPC Committee and people's government have made a decision on perserving in reform and continuing to promote the plant manager responsibility system: All enterprises that have obtained permission to practice this system must persevere in it; they can only advance, and must not retreat. These enterprises must also practice the system of responsibility for targets attained during a manager's term of office. The labor and personnel departments must reserve a number of promotion slots as rewards for plant managers who fulfill their targets well. Enterprises that have not yet introduced the manager responsibility system must promptly ask for permission to do so when the conditions are ready.

This was learned by our reporter from a press briefing held by the city CPC Committee and government spoke in detail on the situation in economic structural reform, industrial production, urban construction, and market arrangements this year.

At present the reforms in this city are at a stage of replacement of old systems by new. There is very great resistance to reform from leftist thinking and the force of old habits.

The city CPC Committee and government have taken a firm and clear-cut attitude and adopted effective measures to support and protect the reformers, so as to stimulate the smooth progress of reform.

In urban construction, the city has decided on 10 major projects for this year. This is the biggest year for such projects since the founding of the state.

HENAN ISSUES CIRCULAR ON ANTILARCENY STRUGGLE

HK030416 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 30 May 86

[Text] Last night, the provincial court, procuratorate, public security department, and judicial department jointly issued circular No 3 on severely cracking down on larceny.

Circular No 3 says: The provincial CPC Committee and provincial government have recently pointed out that with a view to protecting the smooth progress of reform of the economic structure, promoting a fundamental turn for the better in social order and the general mood of society, and educating and redeeming more people who make mistakes and commit crimes, it is necessary to continuously wage the antilarceny struggle in depth.

Circular No 3 extends the originally specified period for surrendering oneself to the police or judicial department one more month.

All people who commit larceny, harbor or handle stolen goods, or commit other crimes and who surrender themselves to the police or judicial department before 30 June will be leniently dealt with in accordance with the law. People who have been sentenced to reform or reeducation through labor or who have been in custody and who confess a crime on their own initiative which has not been discovered, will generally not be punished. Regarding those who have rendered meritorious service, their sentence can be commuted, they can be released on parole, or they can be released from reeducation through labor ahead of the specified term of imprisonment. As for those who do not surrender themselves to the police or judicial department and confess their crime, who conclude an agreement between them not to give each other away, who divert or destroy their criminal evidence, who threaten or retaliate upon the informants, or who continue to commit crimes, once their cases are investigated and established, they will surely be severely punished in accordance with the law.

Circular No 3 points out: All cadres and people who are bold in struggling against crime, who actively inform and expose clues to crime, who seize criminals and hand them over to the public security authorities, and who persuade criminals to surrender themselves to the police or judicial department, including the relatives of the criminals, will be protected by public security and political and legal organs and commended and rewarded as these organs see fit. Those who shield and harbor criminals will be punished in accordance with the law.

Circular No 3 points out: All factories, mines, shops, organs, schools, and service trades must put their system of financial management on a sound basis and carry out security measures. They must abide by the laws and regulations on social order, seriously protect the public property, and uphold their internal order.

#### SHENZHEN ENCOURAGES LEARNING OF ENGLISH LANGUAGE

OWO60321 Beijing XINHUA in English 0028 GMT 6 Jun 86

[Text] Shenzhen, June 6 (XINHUA) -- Learning English can be the key to a good job in the Shenzhen Special Economic Zone in southern China -- as thousands of local people have realized. City officials estimate that 60,000 -- or 15 percent of Shenzhen's 400,000 inhabitants have received some kind of training in the English language.

One latest encouragement to learn English is a city circular which stipulated that from 1991, all people under the age of 45 sent to study or work in Hong Kong, Macao or foreign countries must first pass an English examination. Ordinary delegations sent abroad must be able to survive without an interpreter, according to the circular issued last month.

The circular adds that the departments of foreign affairs, customs and foreign trade, and hotels, tourism agencies and banks must test all job applicants on their knowledge of basic English. Even before the circular was issued, residents of the city, which borders Hong Kong, realized the importance of learning English.

The opening of China's doors to foreign trade and investment has resulted in the mushrooming of Sino-foreign joint ventures and tourist facilities. As a result, English classes and speaking contests have been organized in different enterprises, schools and neighborhoods. Hong Kong teachers have been invited to run classes. City authorities have set up an English center at Shenzhen University to promote knowledge of the language. Students are split into 12 classes based on their standard of English.

Some workers have organized English corners at workplaces to practice oral English, and TV programs with English narration are as popular.



TAIWAN'S EFFORTS TO INCREASE TRADE WITH EUROPE ASSESSED

HK051011 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 22, 2 Jun 86 p 24

[Article by Song Jichao: "The 'Year of Action Against Europe' -- A New Trend in Taiwan's Trade With Europe"]

[Text] The European market has always been regarded as an important area for international import, export, and reexport trade. Taiwan manufacturers are eager to obtain a position there. Taking advantage of the favorable situation in which the European currencies have continuously strengthened against the U.S. dollar and the new Taiwan dollar has dropped with the U.S. dollar, Taiwan has launched a new offensive -- the "Year of action against Europe" -- in its trade with Europe.

An official of the Taiwan trade association revealed that the central task in the "Year of action against Europe" is to open wide Taiwan's economic and trade door to Europe to strengthen bilateral economic and trade relations, to disperse its exports to different markets, and to reduce its trade surplus with the United States as well as its reliance on that country for its exports.

Taiwan's "Year of action against Europe" refers to its 1987 fiscal year, which will start with the second half of this year. During this period, the measures Taiwan will take include: establishing economic offices and economic and trade ties in southern Europe; helping manufacturers to set up marketing centers in Europe to increase the sales of Taiwan's products in the European market; investigating, studying, and analyzing the situation in the European market; and requesting the European market survey organization to study the production of Taiwan products suited to the European market. In addition, Taiwan will reduce exports to the United States with the aim of concentrating them on the European market.

In trade development activities, Taiwan will hold exhibitions of its products on two occasions in Europe this year, apart from extensively participating in various types of professional and comprehensive exhibitions. Taiwan economic and trade authorities have also planned to enrich the manufacturers' service system, train personnel for European trade negotiations, and increase overseas propaganda in order to change its image as the "kingdom of imitation." Moreover, Taiwan is straightening out its foreign trade relations through purchases and through canvassing activities. For example, its trade delegation to the Netherlands has bought products worth \$55 million; its trade delegation to Belgium has asked Belgium to help remove trade obstacles between the European market and Taiwan; and its trade delegation to Sweden has requested Sweden to send an industrial and commercial delegation to Taiwan.

Such activities have produced results. According to a report in Taiwan's ECONOMIC DAILY, the (Pica) [Bi ka 3024 0595] steel cord company of Belgium is ready to cooperate with the Hwa Hsin and Li Hwa companies of Taiwan in making an investment of 300 million new Taiwan dollars in the production of steel cord in Taiwan; AKEO, the largest chemical corporation in the Netherlands, intends to build a factory producing heavy oil desulfurization equipment in Taiwan; a British chemical corporation has given Taiwan priority in its plan to build a chemical plant with an investment of \$100 million; and Taiwan is ready to set up a goods distribution center in the Netherlands for the purpose of expanding its trade with various European countries.

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The European Common Market is composed of 12 member countries. Last year, its foreign trade stood at 22 percent of the world's total. It is the world's largest trade group and the world's largest consumer market as well. But last year, Taiwan's exports to Europe (including the 12 countries of the Common Market) accounted for only 10 percent of its total trade, far lower than its exports to the United States (which accounted for 48.1 percent).

Taiwan's trade with Europe over the past 7 years has been in either a state of depression or stagnation, but resulted in a turn for the better since the beginning of this year as a result of the change in exchange rates. Statistics suggest that in the first 4 months of this year, Taiwan's exports to Europe amounted to \$1.29 billion, a 31 percent increase over the same period in 1985. Some Taiwan manufacturers who do business with Europe have received purchase orders earmarked for delivery in October.

A prominent characteristic of Taiwan's trade with Europe in the first 4 months of this year was the large increase in its trade with the 18 main export markets in Europe. The increases in its trade with Spain and France were the largest, at 72 and 67 percent, respectively; the smallest increase, registered in its exports to Sweden, was still 17 percent. Meanwhile, Europe was able to maintain a marked increase of 20 percent in its exports to Taiwan.

The present situation in Taiwan's trade with Europe is favorable. However, as Taiwan is becoming increasingly isolated in the international community, its manufacturers have many misgivings in exploring new markets without diplomatic protection. Therefore, it should not be too optimistic about the "results to be achieved" in the "Year of action against Europe," which is aimed at opening wide its economic and trade door to Europe.

#### FUJIAN FISHERMEN RESCUE TAIWAN COUNTERPARTS

OWO41419 Beijing in Mandarin to Taiwan 1500 GMT 3 Jun 86

[Text] According to a report from Fuzhou, the Taiwan fishing boat (Zhang Fa) recently went aground and sank after an engine breakdown set it adrift at sea. Its four crew members, (Qiu Shiqi), (Wu Yi), (Qiu Zhengyi), and (Zhang Wancai), were found and rescued by some fishermen from Dongshan County of Fujian Province. They have been properly accommodated with food and lodging at the Taiwan compatriots reception station in Dongshan.

At present, they have recovered their health. At their request, the Fujian provincial Taiwan compatriots reception station is helping them make necessary arrangements to return to Taiwan via Hong Kong and to be reunited with their families in the near future.

TAIWAN TO RECONSIDER CONSTRUCTING ARGENTINE FERTILIZER PLANT

OW052101 Taipei CNA in English 1459 GMT 5 Jun 86

[Text] Taipei, June 5 (CNA) - The Ministry of Economic Affairs [MOES] of the Republic of China [ROC] is reevaluating the feasibility of the Taiwan Fertilizer Co's project to invest and set up a fertilizer plant in Argentina, a ministry spokesman said Thursday. He said the ministry received a report from Hsu Pin, ROC trade representative in Argentina, Thursday saying that he has doubts about the Argentine authorities' claim that the ROC fishing vessel, Chiann Der No. 3, was operating within Argentina's 200 mile exclusive economic zone when it was attacked by an Argentine gunboat May 28. The spokesman noted that negotiations between two countries have to be conducted in a calm manner with flexibility and that retaliatory measures should not be taken hastily.

He said Taiwan Fertilizer had planned to invest in Argentina but the project was shelved after evaluations showed that the economic efficiency of the project would be low while its investment risk would be too high. Recently, he said, Argentina has again expressed the intention to invite Taiwan Fertilizer to make investment there. The spokesman stressed that the MOEA is carefully reevaluating the investment project and an affirmative decision would be made only when conditions most favorable to the Republic of China are achieved, especially at a time when the Chiann Der incident is fresh in everyone's mind.

COLOMBIAN DELEGATION STUDIES TAIWAN ECONOMIC POLICIES

OW050357 Taipei CNA in English 0239 GMT 5 Jun 86

[Text] Taipei, June 4 (CNA) -- Miguel Pineto Vital, president of the House of Representatives of the Republic of Colombia, said Wednesday that the Republic of China [ROC] has set an example for Latin American nations by braving the worldwide economic recession and making outstanding achievements. Pineto, who is leading a 12-member congressional delegation of Colombia to visit the ROC, made the remarks in an interview with the CNA reporter.

The delegation arrived in Taipei June 1 for a six day visit. In the past few days, they called at the National Assembly, the Legislative Yuan, the Control Yuan and the Ministry of Foreign Affairs. They also went to the Government Information Office and the Ministry of Economic Affairs to hear briefings on the nation's political and economic situation.

Pineto said in the interview that the delegation, composed by six congressmen and their wives, is here mainly to study how the ROC is able to tide over the difficulty to maintain stable economic growth in the midst of worldwide economic stagnancy. He pointed out that after several days of their visit here, they found that the various measures the ROC Government has adopted to cope with the stagnant economic situation, including the liberalization and internationalization of its foreign trade, are worthwhile for Colombia to learn from. The Colombia Congress leader also highly praised the working spirit of the people in the ROC and their cooperative attitude toward the government. The other five congressmen in the delegation are David Turbay, Joaquin Fernandez, Jurge Ariel Infante, Francisco Jattin and Victor Tagon. The delegation is scheduled to leave Thursday.



NONPARTISAN DENIES BREAKDOWN IN TALKS WITH KMT

OW050351 Taipei CNA in English 0259 GMT 5 Jun 86

[Text] Taipei, June 4 (CNA) -- Taipei City Councilman Hsieh Chang-ting, who is one of the seven nonpartisans participating in two rounds of communication meeting with the ruling Kuomintang [KMT] recently, announced Wednesday that the third such meet slated for June 7, to be hosted by the nonpartisans, would be postponed. Hsieh said that the decision was made after an internal meeting among the eight nonpartisan leaders for the third meeting with the KMT.

Hsieh said that the sentencing of Huang Tien-fu, one of the eight nonpartisan members, to an eight-month term by the Taiwan High Court in a libel lawsuit and the absence of Prof. Hu Fo, one of the mediators in the talks, are the main reasons for the postponement. Hu went abroad recently. Asked when the dialogue will be resumed, Hsieh said the non partisans would decide on the issue after Hu's return here. He stressed that the postponement doesn't mean the breakdown of the communication meeting with the KMT.

CENTRAL BANK PREDICTS CURRENCY APPRECIATION

OW060354 Taipei CNA in English 0317 GMT 6 Jun 86

[Text] Taipei, June 6 (CNA) -- The Central Bank of China Governor Chang Chi-cheng predicted Thursday the trend of appreciation for the new Taiwan dollar rather than devaluation in the months ahead. To maintain the order of the domestic foreign exchange market, he said he prefers a moderate fluctuation of the new Taiwan dollar in its exchange rate against the U.S. dollar according to market demands.

Chang made the remarks while answering interpellations by Legislators Li Yu-hsiang, Kio Lin-yung and Huang Chu-wen at the Legislative Yuan's budget screening meeting. They asked Chang about the possibility that the new Taiwan dollar will appreciate to a rate of 35:1 from the present 38:1 against the greenback as is rumored. Whether the bank's recent intervention in the foreign exchange market to ease large drop of the American money by buying as much as U.S. dlrs 240 million foreign exchange will cause instability of the domestic foreign exchange market, they queried.

Chang said that the new Taiwan dollar's exchange rate is affected by many factors and is [not] to easy to forecast. However, he noted that as this nation enjoys a trade surplus and holds large foreign exchange reserves, the new Taiwan dollar will mostly rise in its value against the U.S. dollar.

To ease a drastic appreciation of the new Taiwan dollar, relieving pressure on enterprises, the bank must intervene in the foreign exchange market, he said.

As the development of the world economy is still unstable, a gradual rise of the new Taiwan dollar will make businessmen feel easier, the governor said, adding, he is not sure whether a rate of 35:1 for the new Taiwan dollar against the greenback is the most appropriate level of appreciation.

LIU ZAIFU ANSWERS LITERARY CRITIC ON HUMANISM THEORY

HK050651 Hong Kong MING PAO in Chinese 3 Jun 86 p 7

[Special dispatch from Beijing by Keng Chun: "Liu Zaifu Strongly Advocates Exploration and Criticizes Chen Yong for Imposing a Case Against Him"]

[Text] (Beijing, 2 June) -- Liu Zaifu, director of the Institute of Literature of the Chinese Academy of Social Sciences has become a key figure in overseas reports since he was criticized by name for his theory on literature and art by Chen Yong in the journal HONGQI. It is called the "Liu Zaifu Incident," and has given rise to the concern about him on the part of the literature and art circles at home and abroad. This is, in fact, a confrontation between new and old concepts in literature and art theory.

In Beijing recently, this reporter visited Liu Zaifu, who had just returned from Shanghai after attending a symposium on cultural development strategy. In a long interview, lasting almost 3 hours, this reporter gained a more detailed understanding of Liu's ideas on literature, philosophical concepts, and his views on China's literature and art circles. (Editor's note: Liu's opinions on China's cultural problems and his evaluation of China's present cultural conditions will be published separately as two special topics.)

Liu Zaifu not only has the exquisite feelings of a man of letters, but also the meticulous speculation of a philosopher. He has his own view on the debate concerning Marxism going on in China. According to Liu Zaifu, China's Marxism has, in the past 3 decades and more overcome the gravest challenge from ultra-leftism waged by Lin Biao and Jiang Qing. That challenge was very dangerous, and almost turned the party and the state topsy-turvy. Today, the times once again challenge Marxism. The content of this challenge being: Is Marxism capable of maintaining its vitality and answering the various questions posed by contemporary realities? Our answer should be positive.

He said: If Marxism is to answer the questions posed by our times, and fulfill the historical mission of the times, it is necessary to rely on arduous practice, bold exploration and the blazing of new trails, as well as linking Marxism with the practice of reforms, and not by relying on going by the book, which appears to be the most effort-saving. Only when China becomes powerful and strong will it be possible for Marxism to win its honor. For this, China must make progress. When Deng Xiaoping makes such an important proposition as "one country, two systems," he is answering a question arising from contemporary realities, with Marxism.

Since Chen Yong criticized Liu Zaifu by name in his HONGQI article, Liu has not yet given him a reply. Why?

To this question, Liu replied: I personally welcome criticism regarding myself, but of course, such criticism should be well-intended, scientific, and on an equal personality footing. Lessons in the history of science tell us that following the birth of a new theory or doctrine, it was often regarded as a heresy, but later, it often became a theoretical pattern, and finally, superstitious dogma. If theory is to make progress, criticism should be welcomed, including criticism by later generations as well as by one's contemporaries.

However, it is regrettable that Chen Yong's article cannot be regarded as scientific criticism. Science has its own criteria; first, science cannot set up an "absolutely correct" premise and cannot regard itself as having mastered the final truth, and, naturally, it should not claim to be Marxist.

Who has eventually mastered truth should be tested by practice. Practice is not something empirical, but repeated scientific experiments. Before something has undergone experiments and been seriously explored, it is already pronounced as having a grave effect on "Marxism's fate in China." This violates the law governing the development of science.

Liu Zaifu said: Chen Yong's article also reflected the fact that he lacks a concept of the equality of personalities. What was most wanting in China's ancient feudal culture was exactly such a concept. Man is a moral animal, but the key is the need for a criterion to judge the value of moral behavior. Such a criterion is precisely the equality of personalities, namely, showing full respect to the dignity and value of man. Lacking such criterion, the brutality of "Guo Ju burying his son alive" [a legend from the Jin Dynasty] became an act of filial piety, and "Zhang Xun slaughtering his concubine" [a legend from the Tang Dynasty] became an act of loyalty.

During the Cultural Revolution, it was not enough that some people were overthrown, 10,000 feet had to trample them. However such brutality was said to be "loyal to Chairman Mao, the party and Mao Zedong Thought." That was sheer absurdity. The lack of a concept of equality of personalities has resulted in a morbid psychology with some people gravely trampling on and insulting others without knowing it. On the contrary, they believe it is moving, tragic and of high moral value. That is even sadder. Chen Yong's article censured me for "forgetting my class origins," which is a terrible political labelling.

Liu Zaifu said: It is precisely because of this that I refuse to write articles on a hundred schools of thought contending for HONGQI, but it does not mean that I shall refrain from participating in the contention regarding the hundred schools of thought in my self-defense, against Chen Yong's false charges. I believe that people will begin to discuss Chen Yong's criticisms in other newspapers and journals. At the same time I will intensify my own research in order to answer Chen Yong's criticism with positive accomplishments.

Concerning the academic questions referred to in Chen Yong's article, Liu Zaifu said: When I read Chen Yong's article, my first impression was that I was quite at ease, because his article was void of substance. He should have linked the practice of literature and art with his discussion. But, starting with concepts, the article lacks strength no matter how high-sounding it is. For example, he says that the general law governing historical materialism is the essential law governing literature and art, which is the "theory of substitution," substituting specific law with general law. China has suffered great loss because of such a "theory of substitution." For some time, sociology and psychology were eliminated in China, resulting from the "theory of substitution."

Some people proposed that "the law governing historical materialism is to explore the law governing social development, so where is the need for sociology?" Since the elimination of sociology in China, the population issue has never been appropriately researched, and Ma Yanchu's theory on population was refuted. So, even now, the entire Chinese nation is still suffering from the bitter consequences, and the next generation as well as ours will suffer. That is the evil result of the "theory of substitution."

Liu Zaifu said: Zhao Ziyang and Hu Qili have called on us to study the inherent law governing economic development, which is based precisely on historical lessons. Now, Chen Yong has proposed the concept that the general law governing historical materialism is the essential law at the highest level governing literature and art.



It is not difficult to clarify through discussion, whether or not this concept is favorable to the development of social literature and art. However, some academic questions, for example the question of the subjective nature of literature, are rather difficult. To my mind this question is not to be solved by articles demonstrating where one stands, or by negating the theory in an oversimplified manner. Such articles can only perish after their emergence. I hope the literature and art theoretical circles will deal with this question rationally.

At my suggestion, Liu Zaifu gave an explanation on the question of the subjective nature of literature, which was proposed recently, and which has brought triggered debate.

Liu Zaifu said: "I began to ponder the question of the subjective nature of literature in 1981. This question includes the subjective nature of the individual, the subjective nature of a nation, and the subjective nature of mankind. This is a concept to intensify the creativity, initiative and self-determination of mankind. The concept of subjective value I refer to, is to show full respect to man, and man cannot merely satisfy himself with being a "cog" under the restriction of objective conditions. Man can make his own choice from all the possibilities provided by history and become master of history. How to emancipate the subjective body, to give play to subjective power, and to acknowledge the subjective value of man is a solemn topic of invigorating our national spirit and should be explored and studied for a long period of time. A few articles detailing opinions or writing articles of criticism without ample study will not be any help."

Liu Zaifu's theory on the subjective body has some connection with the humanism advocated by some people on the mainland.

Liu Zaifu told me that he had learned "humanism" from the "cow pens." [a place of temporary detention for persons attacked in the Cultural Revolution] He said: "My teacher, who carried me on his back crossing the river to school, was held in a 'cow pen.' Millions of China's outstanding talents were held in 'cow pens' including many veteran revolutionaries. I witnessed many deaths during the Cultural Revolution. Hence, we talk about humanism today! How China is badly in need of humanism! Since the focus of our national life was shifted, the original support 'taking class struggle as the key' has been proved wrong. It is therefore necessary to look for a new support for our national spirit and this is, precisely, socialist humanism.

In conclusion, he said: "I have always advocated socialist humanism, on the grounds that first, humanism is favorable in changing the world's image of the Chinese nation; second, it is favorable in readjusting human relations; and third, it is favorable in giving play to individual initiatives."

#### CHENG MING DISCUSSES EVERBRIGHT PERSONNEL CHANGES

HK040709 Hong Kong CHENG MING in Chinese No 104, 1 Jun 86 p 75

[Article by Chiao Chi: "A Personnel Change in Everbright"]

[Text] Being a product of reform, the Everbright Group Limited in Hong Kong has recently undergone an important personnel change which attracted the public's close attention.

In this change, the one to go is the number two man of the Everbright Group. He is Li Xinshi, executive director, first deputy general manager and concurrently Beijing's Everbright Industries' general manager. Li Xinshe, now about 50, is the son of a military cadre. Though he is Everbright's number two man, his name is seldom found in newspapers and he is rarely seen at public gatherings, which is contrary to Wang Guangying's style.

Originally, Li Xinshe was a central authorities' cadre at the ministerial department or bureau head level. When Zhao Ziyang founded Everbright, Li Xinshi, like Wang Guangying, was one of the founders. They first formed the Everbright Industries Company in Beijing before establishing Everbright in Hong Kong. During this period, Li Xinshi made use of his relationship with various sectors to actively help Wang Guangying pool hundreds of millions of U.S. dollars for establishing the company in Hong Kong.

The core of Everbright can be divided into four [number as published] parts. One of them is Wang Guangying and his family (including his wife Ying Yili [2019 0110 0448] and his daughter Wang Mi [3769 4717]). The second part comprises the young people headed by Li Xinshi, and of course including a number of children of high-ranking cadres. After his arrival in Hong Kong, Wang Guangying engaged in so many types of business operations that he hired, and put into important positions, a number of people who were on good terms with him when he was in Tianjin, and who were then in Hong Kong. But there were some people who always used the name of Everbright to seek personal gain.

Furthermore, when Wang Guangying first came to Hong Kong, he always exaggerated things. This badly impressed the other sectors. Not only did he reveal publicly the discord with Rong Yiren, chairman of the board of directors of China International Trust and Investment Corporation (see the article "The New World of an Old Entrepreneur -- Interview with Rong Yiren and His China International Trust and Investment Corporation" published by RENMIN RIBAO 26 Aug 84), but there were also many people who informed Beijing about Wang Guangying.

The central authorities therefore decided to carry out large scale consolidation in Everbright. Being a leading administrative cadre, Li Xinshi, who was then the acting general manager of the Everbright general affairs department, was assigned the consolidation work. Consequently, a number of people who were recruited by Wang Guangying left Everbright and its subsidiaries. Moreover, Wang Guangying began "speaking less and doing more," and in the new leading group, Li Xinshi became the number two man on the board of directors.

Since Everbright is a product of reform, its establishment developed contradictions with some traditional foreign trade units, or in other words, the vested interests. Therefore, there were many people who informed the authorities about Wang Guangying as well as Li Xinshi. These people reported that Li Xinshi was one of the "people of three categories" during the Cultural Revolution. It was stipulated in explicit terms that the "people of three categories" are not allowed to enter the leading group. In fact, Li Xinshi's father was a ranking cadre of the PLA Air Force. Soon after the Cultural Revolution started, his father was attacked and removed from office by Wu Faxian, one of the four major military followers of Lin Biao. Therefore, Li Xinshi was not a member of the vested interests during the Cultural Revolution.

It was reported that at that time, Wang Guangying said that he would protect him even though he was a member of the "people of three categories." But Li Xinshi did not appreciate his kindness and insisted on denying the charge of being a member of the "people of three categories." However, there seemed to be contradictions between them after Li Xinshi completed the consolidation of Everbright.

In fact, at that time, Li Xinshi did more than just "consolidate" Everbright. Being one of the founders, he also "helped" the organization. The Hong Kong visit of the children's toys investigation delegation, led by Li Zhao, wife of Hu Yaobang, in November 1984 was made a success by Li Xinshi. The invitation was made in the name of Everbright. Hence, this made Wang Guangying, who was rather depressed at that time, pull himself together.

But the preliminary consolidation did not solve problems. On 13 January 1985, RENMIN RIBAO carried an interview with Wang Guangying entitled "The Sunset Glow Is as Red as Fire," in which Wang Guangying strongly criticized the "state merchants." He said that they "turned the cold shoulder to him and made things difficult for him." He also said that even though they "have been doing business in Hong Kong for 20 to 30 years, they still cannot achieve self-reliance and even suffer losses. As they cannot raise any loans, they cannot but live by state subsidies."

These statements by Wang Guangying once again caused clamors among the "state merchants," and Everbright was again under great pressure. In order to make Wang Guangying restrain himself further and prevent him from achieving poor results because of his arbitrary actions, Everbright began forming a party committee in the spring of 1985 and adopted the practice of "collective leadership." After discovering this, Wang Guangying was greatly discontented.

With the CPC Central Committee's approval, the CPC Committee in Everbright was formally established in November 1985, and it became the board of directors when handling external affairs. The number of directors was increased and the three people (Wang Guangying, Li Xinshi and Ying Yili) became members of the party committee (that is, the board of directors).

In March this year, both Wang Guangying and Li Xinshi left Hong Kong for Beijing. At that time, there were reports about transferring Li Xinshi. His successor was be Lin Zhongming, who had long been working for the Ministry of Foreign Trade and is now assistant to the minister of economic relations and trade. In this way, the "nature" of Everbright, which formally symbolized reform, is now similar to that of China Resources. Its characteristics of reform are now fading and are replaced by those of monopolization. Thus, the contradictions between China Resources and Everbright, which have been frequently rumored, can now be mitigated.

Following this personnel change, the movements of those people who originally worked for Everbright, together with Li Xinshi, have attracted people's attention. It is learned that some of them intended to follow Li Xinshi's move, but the organization informed them that they should take the overall situation into consideration and should not let their work at Everbright be affected because some people have to leave. As a result, they stayed in Everbright and continue to work for the firm. But what their future movements will be has yet to be seen.

Nevertheless, fortune always knocks at Wang Guangying's door. No matter how hard the internal struggle was, his position was as firm as an iron fist. This was definitely the result of his successful practice, since his arrival, of working hard to portray himself as a "national capitalist." Once his position is changed, his image of advocating reform will be affected, which, from Communist China's viewpoint, must be avoided at present.



PRC LETTER SLIPS THROUGH POSTAL SYSTEM IN TAIWAN

HK050650 Hong Kong SOUTH CHINA MORNING POST in English 5 Jun 86 p 14

[Text] A postcard has slipped through the Taiwanese postal network, despite an official ban on mail links between Taiwan and the mainland.

The card, addressed to one Paul Arthur from a friend travelling on the mainland, was mailed from Shanghai to the poste restante at Taipei General Post Office.

Staff at the office allowed the recipient, who is thought to have been using a pseudonym, to collect the card without subjecting him to questioning.

The card, the first concrete evidence of mail links between the two countries, took 23 days to travel from Shanghai to Taipei.

According to the recipient of the postcard, who would not give his real name, postal staff simply handed him the card when he went on his regular trip to collect mail.

On the postcard, there were two postal chops -- one from the mainland post office on the 10-fen stamp and the other of the Taipei post office, dated December 29. [dated as published]

Taiwan has rejected China's approach to establish mail links and mail is carried by travellers at their own risk.

An official of the Directorate of the Northern Taiwan Postal Region said it is the Taipei Government's policy to ban mail from the mainland. The official said it must have been negligence on the part of the postal staff to allow the postcard to get through. He believed the postcard was sent via Hong Kong, which deals with a large quantity of Taiwan-bound mail daily.

It was possible that some mail from the mainland was mixed in with other Taiwan post and went through unnoticed, he said.

He said it was the first time he was aware that mail from the mainland had been received in Taiwan.

The official said the government would not change its policy following negotiations last month between Taiwan's China Airlines and the mainland's Civil Aviation Administration of China.

Last month, the SOUTH CHINA MORNING POST managed to establish telephone links between the mainland and Taipei via a call from Xiamen through the international direct-dialling system.

**END OF**

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